

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4116-01
Bill No.: HB 1774
Subject: Higher Education; Department of Higher Education and Workforce Development
Type: Original
Date: February 18, 2020

Bill Summary: This proposal establishes the "Informed Student Document Act" to require institutions of higher education to provide outcomes information to incoming freshmen.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	(\$630,547) to Could exceed (\$4,130,547)	(\$136,505) to Could exceed (\$3,724,005)	(\$137,688) to Could exceed (\$3,814,876)
Total Estimated Net Effect on General Revenue	(\$630,547) to Could exceed (\$4,130,547)	(\$136,505) to Could exceed (\$3,724,005)	(\$137,688) to Could exceed (\$3,814,876)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
College & University Funds	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
Total Estimated Net Effect on Other State Funds	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 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
General Revenue	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 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 2021	FY 2022	FY 2023
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Higher Education and Workforce Development (DHEWD)** assume section 173.1011 creates the "Informed Student Document Act" which places significant new duties on the Coordinating Board for Higher Education (CBHE) and its administrative arm, the DHEWD.

The specific reporting requirements will be labor intensive. As a result, two (2 FTE) new staff will be required at the DHEWD. One will be a research analyst II (\$45,700 annually) working exclusively on the data collection, analysis and reporting required. This position will be part of the department's Office of Performance and Strategy where the Missouri Economic Research and Information Center (MERIC) resides. A program specialist (\$36,256 annually) will also be needed to work with DESE, public schools and the colleges and universities statewide as well as with other states to ensure data quality and reporting requirements are being met. This position will be part of the Office of Postsecondary Policy within DHEWD. Also included in the estimate are the related per person one-time and ongoing costs using OA Budget and Planning standards for FY 2021.

DHEWD estimates costs at \$3.5 million to cover statewide administration of the Collegiate Learning Assessment (CLA), if required (annually estimated at 100,000 first-time students and transfers x \$35 each).

Historically, Missouri has not mandated a specific assessment. If mandated, DHEWD believes this cost should be included in the estimate.

Additionally, to meet the bill requirements for reporting, the department estimates \$500,000 (4,000 hours at \$125) will be required for the databases and website development for report generation required with ongoing ITSD costs after implementation. Costs are based upon the department's experience with MoSCORES. This would allow institutions to meet their requirements in the bill by linking to this online database report generation tool. It is anticipated this would be built as new report(s) in MoSCORES and not a new system completely.

While much of this data is already in IPEDS, EMSAS or the workforce database already, collecting a significant amount of data, (e.g. data from other states) will be difficult.

Overall, the total cost is estimated at \$4,130,547 in FY 21, \$3,724,005 in FY 22 and \$3,814,876 in FY 23.

ASSUMPTION (continued)

Officials from the **University of Missouri System** assume the proposed legislation will have a fiscal impact greater than \$100,000. While some of these data are readily available, others would require substantial resources to collect in a way that provides high-quality, accurate information to prospective students.

Officials from **State Technical College of Missouri** assume this proposal could have a significant negative impact to the College. The amount cannot be determined.

Oversight is uncertain if the DHEWD would be required to cover the administration of the statewide Collegiate Learning Assessment (CLA). Therefore, Oversight will show a range of impact of \$0 (DHEWD is not required to cover the administration of the CLA) to the amount estimated by DHEWD.

Oversight assumes there could be costs that exceed \$100,000 to Colleges and Universities for the collection data. In addition, Oversight will show a range of impact of \$0 (Colleges and Universities already administer the CLA) to an unknown cost to administer the CLA.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE			
<u>Costs - DHEWD</u>			
Personal Service	(\$68,297)	(\$82,776)	(\$83,603)
Fringe Benefits	(\$41,881)	(\$50,530)	(\$50,805)
Expense & Equipment	<u>(\$20,369)</u>	<u>(\$3,199)</u>	<u>(\$3,280)</u>
<u>Total Costs</u>	(\$130,547)	(\$136,505)	(\$137,688)
FTE Change - DHEWD	2 FTE	2 FTE	2 FTE
<u>Costs - DHEWD - ITSD Services</u>	(\$500,000)	\$0	\$0
<u>Costs - DHEWD - statewide administration of CLA Testing if required</u>	\$0 or (Could exceed <u>\$3,500,000</u>)	\$0 or (Could exceed <u>\$3,587,500</u>)	\$0 or (Could exceed <u>\$3,677,188</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(\$630,547) to Could exceed <u>(\$4,130,547)</u>	(\$136,505) to Could exceed <u>(\$3,724,005)</u>	(\$137,688) to Could exceed <u>(\$3,814,876)</u>
Estimated Net FTE Change for the General Revenue Fund	2 FTE	2 FTE	2 FTE
COLLEGE & UNIVERSITY FUNDS			
<u>Costs - data collection</u>	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
<u>Costs - administration of CLA</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON COLLEGE & UNIVERSITY FUNDS	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)

FISCAL IMPACT - Local Government

FY 2021
(10 Mo.)

FY 2022

FY 2023

\$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 requires the Board for Higher Education to develop an informed student document to include information as outlined relating to the institutional grouping, with comparisons to other in-state and out-of-state peer institutions with averages regarding costs, employment, and admissions as specified in the bill.

The bill also requires that a prospective student or the student's parent or legal guardian verify that the document has been read prior to application to the institution. The document is also required to be available on the website of the Department of Higher Education and Workforce Development and on the website of each individual institution.


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 Missouri System
State Technical College of Missouri



Julie Morff
Director
February 18, 2020



Ross Strobe
Assistant Director
February 18, 2020