

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4116-04
Bill No.: HCS for HB Nos. 1774 & 1994
Subject: Higher Education; Department of Higher Education and Workforce Development
Type: Original
Date: March 16, 2020

Bill Summary: This proposal establishes the “Students’ Right to Know Act” and the "Informed Student Document Act" to require institutions of higher education to provide information to prospective students.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|--------------------|--------------------|--------------------|
| FUND AFFECTED | FY 2021 | FY 2022 | FY 2023 |
| General Revenue | (\$185,130) | (\$136,505) | (\$137,688) |
| Total Estimated Net Effect on General Revenue | (\$185,130) | (\$136,505) | (\$137,688) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|---------------------------------|---------------------------------|---------------------------------|
| FUND AFFECTED | FY 2021 | FY 2022 | FY 2023 |
| College & University Funds | (Could exceed \$322,500) | (Could exceed \$322,500) | (Could exceed \$322,500) |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | (Could exceed \$322,500) | (Could exceed \$322,500) | (Could exceed \$322,500) |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 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 **Department of Higher Education and Workforce Development** assume section 161.625 creates the "Students' Right to Know Act" and Section 173.1011 creates the "Informed Student Document Act." This combined bill places significant new duties on the Coordinating Board for Higher Education (CBHE) and its administrative arm, the Department of Higher Education and Workforce Development (DHEWD).

The specific reporting requirements will be labor intensive. As a result, two (2 FTE) new staff will be required at the DHEWD. One (1) FTE research analyst II (\$45,700 annually) will work exclusively on the data collection, analysis and reporting required. This position will be part of the department's Office of Performance and Strategy. One (1) FTE 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 and data sharing agreements are created and executed annually. This position will also serve as the department's primary point of contact for the public, institutions and others that may have questions regarding the data being shared on the website. They will also work as a liaison for DESE who will be responsible for communications with school counselors. This position will also work with all major colleges and vocational schools in the state and with any public or private postsecondary institution of higher education per the bill. Many of these institution do not currently report data to the department. This position will be required for outreach, education and training on the data reporting requirements. 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.

Additionally, to meet the bill requirements for reporting, ITSD estimates \$54,583 (574.56 hours at \$95 per hour) will be required for the databases and website development for report generation required in the first year. 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-significantly saving costs for maintenance after the initial implementation.

While much of this data is already in IPEDS, EMSAS or the workforce database already, a significant amount of data, (e.g. data from other states and private higher education institutions and vocational schools) will require more effort on an annual basis.

ASSUMPTION (continued)

Overall, the total cost is estimated at \$185,130 in FY 21, \$136,505 in FY 22 and \$137,688 in FY 23.

Oversight will show the FTE and ITSD costs as estimated by DHEWD.

Officials from the **Department of Elementary and Secondary Education** assume the proposal will have no fiscal impact on their organization.

Officials from **State Technical College of Missouri** assume this would have a negative fiscal impact on the College. It is estimated that 1 FTE would be added at an annual cost, including benefits, of approximately \$72,500.

Officials from **Missouri State University** assume this proposal would have a potential negative fiscal impact in excess of \$100,000. Among the potential costs associated with this bill are costs related to the tracking job placement for three years after graduation. Missouri State University currently tracks job placement for six months after graduation in compliance with State of Missouri performance reporting requirements and industry standards established by the National Association of Colleges and Employers.

Officials from **Northwest Missouri State University** assume this would require a significant amount of resources to accomplish. As a quick estimate, based on additional resources needed in Career Services and Institutional Research departments, we expect this to be a cost of at least \$150,000 before benefits per year.

Oversight assumes there could be costs to Colleges and Universities for the collection data. Oversight notes there are 27 public institutions of higher education. If each institution required an FTE the cost is estimated at \$1,957,500 (assuming a cost per FTE similar to the cost estimated by State Technical College of Missouri).

For purposes of this fiscal note, **Oversight** will show a cost that could exceed \$322,500 (the sum of the costs of the responding institutions) to institutions of higher education.

Oversight received a limited number of responses from colleges & 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.

ASSUMPTION (continued)

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other colleges & universities were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

| <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> | <u>(\$54,583)</u> | <u>\$0</u> | <u>\$0</u> |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | <u>(\$185,130)</u> | <u>(\$136,505)</u> | <u>(\$137,688)</u> |
| Estimated Net FTE Change for the General Revenue Fund | 2 FTE | 2 FTE | 2 FTE |

COLLEGES & UNIVERSITIES

| | | | |
|--|--|--|--|
| <u>Costs - data collections</u> | (Could exceed <u>\$322,500</u>) | (Could exceed <u>\$322,500</u>) | (Could exceed <u>\$322,500</u>) |
| ESTIMATED NET EFFECT ON COLLEGES & UNIVERSITIES | (Could exceed <u>\$322,500</u>) | (Could exceed <u>\$322,500</u>) | (Could exceed <u>\$322,500</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 creates the "Students' Right to Know Act".

The bill requires the Department of Higher Education and Workforce Development to collect specified information including the most in-demand jobs in the state, starting salary, the education level required for such job, information about the cost of colleges and vocational schools in the state, and student loans.

This information shall be collected annually by Department of Higher Education and Workforce Development and shall be distributed to DESE and every public high school in the state for distribution to students by October 15 each year.

This bill requires the Board for Higher Education to develop an informed student document to include information as outlined relating to the institutional grouping, 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
Department of Elementary and Secondary Education
State Technical College of Missouri

SOURCES OF INFORMATION (continued)

Northwest Missouri State University
Missouri State University

A handwritten signature in cursive script that reads "Julie Morff".

Julie Morff
Director
March 16, 2020

Ross Strobe
Assistant Director
March 16, 2020