

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1222-02  
Bill No.: SB 286  
Subject: Education, Higher; Higher Ed Department  
Type: Original  
Date: February 14, 2005

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue *	(\$750 to Unknown)	(\$750 to Unknown)	(\$750 to Unknown)
<b>Total Estimated Net Effect on General Revenue Fund *</b>	<b>(\$750 to Unknown)</b>	<b>(\$750 to Unknown)</b>	<b>(\$750 to Unknown)</b>

\* expected to be less than \$100,000.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTIONS**

Officials from the **Department of Higher Education (DHE)** assume this proposal would have an unknown negative impact.

There are currently three schools operating in Missouri that are defined as public out-of-state institutions. As a result of the provisions of this bill, those institutions would be exempt from the proprietary school certification program. This would result in a loss of their annual fee of \$250 per school for a total of \$750 per year loss to General Revenue. It is unknown how many other institutions that fit this description may decide to provide programs in Missouri in the future.

There would be an unknown cost associated with promulgating rules, as this bill requires the DHE to promulgate rules similar to the current policy for public in-state institutions relating to public out-of-state higher education institutions. The current policy for in-state public institutions, which is not established by rule, requires staff time to receive and review proposals, post proposals on web site for comment, obtain clarifications from institutions regarding proposals and finally, act on proposals.

ASSUMPTIONS (continued)

The proposal also refers to course level evaluation. Currently, the DHE does not conduct approval for public in-state institutions at that level. A requirement to do so for the public out-of-state programs would result in additional staff time to develop and carry out this level of evaluation.

**Oversight** assumes the Department of Higher Education (DHE) would promulgate rules to subject proposed new program and course offerings by public out-of-state institutions to the same process currently used for in-state institutions. In order to do so, DHE may be required develop a similar process for the review of in-state institution course offerings so that comparable standards for the review of in-state and out-of-state institutions would be assured. Oversight assumes that the cost to do so would be unknown but less than \$100,000 per year.

Officials from the **Office of the Secretary of State** assume this proposal would require the Coordinating Board for Higher Education to required to promulgate rules regarding the approval process for new degree programs and course offerings, and hold out-of-state public higher education institutions to criteria similar to those required of in-state public higher education institutions. These rules will be published in the Missouri Register and Code of State Regulations by our division. Based on experience with other divisions, the rules, regulations and forms issued by the Department of Health and Senior Services could require as many as 8 pages in the Code of State Regulations. The estimated cost of a page in the Code of State Regulations is \$27.00. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. The estimated cost of a page in the Missouri Register is \$23.00. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.  
 $((8 \times \$27) + (12 \times \$23) = \$492)$

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<b>GENERAL REVENUE FUND</b>			
<u>Revenue reduction</u> - Higher Education			
Fees	(\$750)	(\$750)	(\$750)
<u>Cost</u> - Higher Education			
Course level evaluation process *	(Unknown)	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND *</b>	<b><u>(\$750 to Unknown)</u></b>	<b><u>(\$750 to Unknown)</u></b>	<b><u>(\$750 to Unknown)</u></b>
* expected to be less than \$100,000.			

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<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.

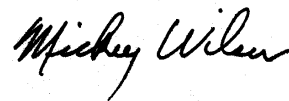
## DESCRIPTION

This proposal would require the Coordinating Board for Higher Education to hold out-of-state public higher education institutions to criteria similar to those required of in-state public higher education institutions. No later than December 31, 2005, the coordinating board would be required to promulgate rules regarding the approval process for new degree programs and course offerings by out-of-state public institutions of higher education within the state of Missouri, and the board's approval process for degree programs and course offerings that were approved by the board prior to July 01, 2006. The rules would ensure that, as of July 01, 2006, all out-of state public institutions seeking to offer courses within the state of Missouri are evaluated in a manner similar to Missouri public higher education institutions. Such out-of-state public institutions would be held to standards no lower than the standards established for Missouri institutions. Beginning July 01, 2006, the board would be required to revoke all certificates of approval previously granted to out-of-state public institutions of higher education. Any institution wishing to continue operations within the state would need the approved of the board under the new rules promulgated pursuant to this proposal.

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

Office of the Secretary of State  
Department of Higher Education



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Director  
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