

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3691-01
Bill No.: SB 656
Subject: Higher Education
Type: Original
Date: January 4, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue *	(\$1,000 to Unknown)	(\$1,000 to Unknown)	(\$1,000 to Unknown)
Total Estimated Net Effect on General Revenue Fund *	(\$1,000 to Unknown)	(\$1,000 to Unknown)	(\$1,000 to Unknown)

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

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** stated that many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle the normal activity resulting from each year's legislative session. The estimated fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$1,500. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements.

ASSUMPTION (continued)

Officials from the **Department of Higher Education** (DHE) stated there are currently four institutions operating in Missouri that are defined as public out-of-state institutions. Those institutions are located in the following states: Illinois, Kansas, Michigan, and Iowa. This proposal would exempt those institutions from the proprietary school certification program, and would result in a loss of the annual fee of \$250 per school for a total of \$1,000 per year to General Revenue. It is unknown how many other institutions may decide to provide programs in Missouri in the future.

DHE assumes there would be an unknown cost associated with promulgating rules, as this proposal would require the DHE to promulgate rules similar to the current policy for public in-state institutions for out-of-state higher education institutions. The current policy for in-state public institutions is not established by rule, but it 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.

The proposal requires course level evaluation. Currently, the DHE does not review 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 perform this evaluation.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
GENERAL REVENUE FUND			
<u>Revenue reduction - Higher Education</u>			
Fees	(\$1,000)	(\$1,000)	(\$1,000)
<u>Cost - Higher Education</u>			
Course level evaluation process *	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND *	<u>(\$1,000 to Unknown)</u>	<u>(\$1,000 to Unknown)</u>	<u>(\$1,000 to Unknown)</u>
* expected to be less than \$100,000.			
 <u>FISCAL IMPACT - Local Government</u>	 FY 2007 (10 Mo.)	 FY 2008	 FY 2009
	<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 Department of Higher Education to revoke all existing approvals for out-of-state institutions of higher education to operate programs or offer coursework in the state of Missouri as of July 1, 2007. The proposal would prescribe standards for the approval of such programs and coursework, and require the Department to promulgate regulations for the approval of such programs by December 31, 2006. The out-of-state institutions would be held to standards no lower than those applicable to Missouri institutions. Any out-of-state institution wishing to offer such programs in the state after July 1, 2007, must be approved by the Department subject to those rules.

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
Office of the Secretary of State



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Director
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