

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4431-03
Bill No.: Perfected HCS for HB 1042
Subject: Education, Higher; Higher Education Department; Boards, Commissions,
Committees, Councils
Type: Original
Date: March 7, 2012

Bill Summary: This proposal revises duties prescribed to the Coordinating Board for
Higher Education.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Universities	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Senate** stated this proposal either has no fiscal impact as it relates to their agency or minimal costs which can be absorbed by present appropriations.

Officials from the **Office of the Governor** and the **Missouri House of Representatives** stated there should be no fiscal impact to their respective agencies.

Officials from the **Department of Higher Education (DHE)** state this proposal would create several new duties for the Coordinating Board for Higher Education (CBHE).

§173.005.2(6) The CBHE would require all public two-year and four-year higher education institutions to replicate best practices in remediation and identify and reduce methods that have been found to be ineffective in preparing or retaining students or which delay students' enrollment in college-level courses.

§173.005.2(8) Would prescribe that the CBHE require all public two-year and four-year institutions to create a statewide core-transfer library of at least 25 lower division courses. The same section would require the DHE. to develop a policy to foster reverse transfer for students accumulating enough hours in combination with at least one public four-year and one public two-year institution to satisfy the requirements for an associate degree.

§173.040.(6) Would require the CBHE to annually report on the progress of its duties under §173.005.02(6) and §173.005.2(8), as well as campus-level progression, retention and completion metrics consistent with performance-funding goals.

DHE states it is currently operating at capacity with its existing resources. The completion of these duties, in addition to the current duties of the CBHE, would require additional resources. DHE does, however, anticipate receipt of external funding to address the need for additional resources created by the proposed legislation, so DHE does not anticipate that this proposal will have a fiscal impact on their agency.

ASSUMPTION (continued)

Officials from the **Department of Elementary and Secondary Education (DESE)** state that in order to bring the Missouri Assessment Program's End-of-Course testing program into alignment with the content reflected in the Standards, DESE suggests the additional development of End-of-Course exams and the reinstatement of the Performance Events in the Missouri Assessment Program.

FY 2013	Reinstatement of Performance Events into Operational Testing	\$1,036,950
FY 2013	Addition of 4 End of Course Activities	<u>\$ 388,000</u>
	Total	\$1,424,950
FY 2014	Reinstatement of Performance Events into Operational Testing	\$ 765,239
FY 2014	Addition of 4 End of Course Activities	<u>\$ 490,000</u>
	Total	\$1,255,239
FY 2015	Reinstatement of Performance Events into Operational Testing	\$ 788,196
FY 2015	Addition of 4 End of Course Activities	<u>\$ 884,000</u>
	Total	\$1,672,196

DESE states there is not an existing contract with a vendor for administration of the 3-8 testing program beyond the 2012-2013 school year. These costs are estimates based on the pricing increases observed in the current contract. FY 2015 will be the potential first year for the administration of the Consortium assessments. Costs provided do not reflect costs from the SMARTER Balance Assessment Consortium. Costs are based on existing contracts.

Oversight assumes the costs reflected are a suggested and are not specifically required by the proposed legislation in §173.005.2 (8).

Officials from **Colleges and Universities** responded as follows:

Missouri Southern State University

Fiscal impact is indeterminate at this time.

University of Missouri System

Officials from the University of Missouri state this proposed legislation would have no fiscal impact on the University of Missouri System.

ASSUMPTION (continued)

Northwest Missouri State University

§173.005.2 (6) There likely will be costs associated with the remediation portion. It will involve staff time and likely new data collection requirements. Until DHE develops the policies, it is difficult to estimate the precise costs. Based on past history, it would cost at least an additional \$1,000 in mileage and other costs to send faculty/staff to Jefferson City to collaborate on a best practices approach. There also could be implementation costs. However, this proposed legislation likely should lead to cost savings down the road.

Missouri State University (MSU)

§173.005.2 (6) Selective and Highly Selective admissions institutions currently are not required to offer remedial courses thus MSU may not be affected by these changes. If the proposal refers to "all" four-year institutions, then Missouri State would have to develop and offer such courses and expenses for development, instructors, and instructional space related to a yet to be determined number of courses would be incurred.

§173.005.2 (8) Statewide general education transfer articulation currently exists. Collaborative effort to develop specific general education courses is ongoing. There could be undetermined costs involved with, developing, staffing, and maintaining those specific courses. MSU assumes the proposed changes in reverse transfer would seem to have impact on two-year institutions.

University of Central Missouri (UCM)

§173.005.2 (8) Compliance with the proposed revision would require UCM faculty members to meet and work with faculty members from other public institutions beyond the current level of work on transfer and articulation. Given the expectation of a reasonable mix of face-to-face, teleconference, and web-based conference meetings, officials estimate UCM's one-time travel and communication expenses to be \$5,000 to \$8,000. This does not include the assignment of any cost to the faculty and administrative time that would be required to complete the process.

Missouri Western State University (MWSU)

§173.005.2 (6) Replicating best practices may result in space and technical equipment adjustments, software expenses, increased staff costs, professional development and training for assigned staff, and/or increased staff costs in academic support centers. The projected costs to Missouri Western State University could exceed \$100,000 annually.

ASSUMPTION (continued)

§173.005.2 (8) MSWU officials state it is unclear whether the reference to all institutions includes all public or all public, private, for-profit and proprietary institutions operating in Missouri. The complexity of coordinating among "all" institutions will require multiple meetings and potentially some course adjustments or development to meet the intent of the proposed provision. The potential cost for individual institutions is difficult to determine.

Missouri Western is currently working on a reverse transfer option with two community colleges. This process is projected to require one additional staff person in both the Registrar and Admissions offices and require significant training for information technology staff to deal with non-compatible administrative systems. Projected annual costs are estimated at \$100,000.

Saint Louis Community College

§173.005.2 (6) Officials state they are unable to estimate costs until they learn of the resulting programs.

Linn State Technical College

The proposal has an unknown fiscal impact on Linn State Technical College.

Kansas City Metropolitan Community College

This proposed legislation would require the Kansas City Metropolitan Community College to increase funding for its Institutional Research Office, increase efforts to formulate articulation agreements with the four-year sector, as well as to increase funding to address the necessary changes in remedial education. These increases are unknown at this time, but would likely be significant.

This proposal was also sent to the following colleges and universities who did not respond to a request for fiscal impact: Crowder College, East Central College, Harris-Stowe University, Jefferson College, Lincoln University, Mineral Area College, Moberly Area Community College, North Central Missouri College, Southeast Missouri State University, State Fair Community College, St Charles Community College, Three Rivers Community College, Truman State University.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
UNIVERSITIES			
<u>Cost - Universities - §173.005.2 (6) & §173.005.2 (8)</u>	(Unknown - Could exceed <u>\$100,000</u>)	(Unknown - Could exceed <u>\$100,000</u>)	(Unknown - Could exceed <u>\$100,000</u>)
ESTIMATED NET EFFECT ON UNIVERSITIES	<u>(Unknown - Could exceed \$100,000)</u>	<u>(Unknown - Could exceed \$100,000)</u>	<u>(Unknown - Could exceed \$100,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost - Community Colleges -§173.005.2 (6) & §173.005.2 (8)</u>	(Unknown - Could exceed <u>\$100,000</u>)	(Unknown - Could exceed <u>\$100,000</u>)	(Unknown - Could exceed <u>\$100,000</u>)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(Unknown - Could exceed \$100,000)</u>	<u>(Unknown - Could exceed \$100,000)</u>	<u>(Unknown - Could exceed \$100,000)</u>
<u>FISCAL IMPACT - Small Business</u>			

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal modifies the duties prescribed to the Coordinating Board for Higher Education (CBHE).

§173.005.2 (6)

The CBHE will require all public two-year and four-year higher education institutions to identify and use best practices in remediation, eliminating practices that have been found to be ineffective or those which delay students from enrollment in college-level courses

§173.005.2 (8)

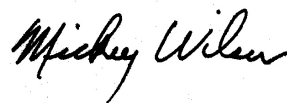
The CBHE will also require all public two-year and four-year higher education institutions, by July 1, 2014, to create a statewide core transfer library of at least twenty-five lower division courses across all institutions that are transferable among all public higher education institutions.

The CBHE must develop a policy to foster reverse transfer for students who have accumulated enough hours in combination with public higher education institution in Missouri that offers an associate degree and four-year institutions to be awarded an associate degree.

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
Department of Elementary and Secondary Education
Office of the Governor
Missouri Senate
Missouri House of Representatives
Colleges and Universities
 University of Missouri System
 Northwest Missouri State University
 Missouri State University
 Missouri Western State University
 Missouri Southern State University
 University of Central Missouri
 St Louis Community College
 Linn State Technical College
 Kansas City Metropolitan Community College



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