

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1417-07  
Bill No.: Perfected SCS for SB 381  
Subject: Education, Higher; Higher Education Department; Boards, Commissions, Committees, Councils  
Type: Original  
Date: April 9, 2013

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Bill Summary: This proposal creates the Innovation Education Campus Fund and recognizes the University of Central Missouri's Missouri Innovation Campus.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	\$0 or (Unknown - Could exceed \$100,000)	\$0 or (Unknown - Could exceed \$100,000)	\$0 or (Unknown - Could exceed \$100,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0 or (Unknown - Could exceed \$100,000)</b>	<b>\$0 or (Unknown - Could exceed \$100,000)</b>	<b>\$0 or (Unknown - Could exceed \$100,000)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
Innovation Education Campus Fund*	\$0	\$0	\$0
Universities**	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Offsetting Transfers In and Disbursements are \$0 or Unknown - Could exceed \$100,000

\*\*Offsetting Revenue and Costs are \$0 or Unknown - Could exceed \$100,000

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</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 FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Local Government*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**\*Offsetting Revenue and Costs are \$0 or Unknown - Could exceed \$100,000**

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Department of Elementary and Secondary Education** assume the proposal appears to have the potential for unknown costs to state funds. The impact to local school districts cannot be determined. Participating institutions may receive moneys from the "Innovation Education Campus Fund" to fund the program of instruction at any innovation education campus. It cannot be determined whether receipts from the fund will equal moneys expended by the innovation education campus. There is the potential for significant impact.

In response to the introduced version of this proposal, officials from the **Office of Secretary of State (SOS)**, assumed many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$2,500. SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, SOS also recognizes 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 their office can sustain with their core budget. Therefore, SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal with core funding. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from **Linn State Technical College** assume this proposal will have an unknown fiscal impact on their college.

ASSUMPTION (continued)

Officials from the **University of Central Missouri (UCM)** anticipate positive fiscal impact from this proposal if funds are subsequently appropriated to offset UCM expenditures for the Missouri Innovation Campus.

Officials from the **Kansas City Metropolitan Community College (KCMCC)** estimate that the fiscal impact of this proposal could be as high as \$4.75 million a year. This estimate is based upon a 20% loss of credit hours at KCMCC campuses at Longview and Business and Technology. KCMCC currently generates approximately 125,000 credit hours at those locations and would estimate that 20% of those hours could be lost to the Innovation Campus. With a state aid funding rate of approximately \$75/credit hour and an average tuition rate of \$115/credit hour, the result could be 25,000 credit hours x \$190/credit hour = \$4,750,000.

Officials from **Northwest Missouri State University (Northwest)** state their university is home to the Missouri Academy of Science, Mathematics, and Computing which has a statewide mission, allows high school seniors to complete an associate of science degree and earn a high school diploma simultaneously, and should be included as an innovation campus. Excluding Northwest could have a significant impact on their Academy although it is difficult to calculate the financial impact precisely at this time.

**Oversight** assumes the legislation calls for collaboration between four year public or private universities, school districts, and community colleges to create an “innovation education campus”. Oversight assumes Kansas City Metropolitan Community College and Northwest Missouri State University would have the opportunity to be involved in an innovation education campus and not lose funding or tuition.

Officials from the **Department of Higher Education, Joint Committee on Administrative Rules, Office of State Treasurer, Parkway School District, Missouri State University,** and the **University of Missouri System** each assume the proposal would not fiscally impact their respective agencies and institutions.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
<b>GENERAL REVENUE</b>			
<u>Transfer Out</u> - Innovation Education Campus Fund	\$0 or (Unknown - Could exceed <u>\$100,000</u> )	\$0 or (Unknown - Could exceed <u>\$100,000</u> )	\$0 or (Unknown - Could exceed <u>\$100,000</u> )
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>\$0 or (Unknown - Could exceed <u>\$100,000</u>)</b>	<b>\$0 or (Unknown - Could exceed <u>\$100,000</u>)</b>	<b>\$0 or (Unknown - Could exceed <u>\$100,000</u>)</b>
<b>INNOVATION EDUCATION CAMPUS FUND</b>			
<u>Transfer In</u> - General Revenue	\$0 or Unknown - Could exceed \$100,000	\$0 or Unknown - Could exceed \$100,000	\$0 or Unknown - Could exceed <u>\$100,000</u>
<u>Disbursements</u> - Innovation Education Campuses	\$0 or (Unknown - Could exceed <u>\$100,000</u> )	\$0 or (Unknown - Could exceed <u>\$100,000</u> )	\$0 or (Unknown - Could exceed <u>\$100,000</u> )
<b>ESTIMATED NET EFFECT ON INNOVATION EDUCATION CAMPUS FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>UNIVERSITIES</b>			
<u>Revenue</u> - Funding from Innovation Education Campus fund to qualifying universities	\$0 or Unknown - Could exceed \$100,000	\$0 or Unknown - Could exceed \$100,000	\$0 or Unknown - Could exceed \$100,000
<u>Costs</u> - Universities - Expenses associated with maintaining an innovation education campus	\$0 or (Unknown - Could exceed <u>\$100,000</u> )	\$0 or (Unknown - Could exceed <u>\$100,000</u> )	\$0 or (Unknown - Could exceed <u>\$100,000</u> )
<b>ESTIMATED NET EFFECT ON UNIVERSITIES</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
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**LOCAL POLITICAL  
 SUBDIVISIONS**

<u>Revenue</u> - Colleges and School Districts -			
Funding from Innovation Education	\$0 or Unknown -	\$0 or Unknown	\$0 or Unknown
Campus Fund to qualifying colleges and School districts	Could exceed \$100,000	- Could exceed \$100,000	- Could exceed \$100,000
<u>Costs</u> - Colleges and School Districts -			
Expenses associated with maintaining an innovation education campus	\$0 or (Unknown - Could exceed \$100,000)	\$0 or (Unknown - Could exceed \$100,000)	\$0 or (Unknown - Could exceed \$100,000)

**ESTIMATED NET EFFECT ON  
 LOCAL POLITICAL  
 SUBDIVISIONS**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This act creates the Innovation Education Campus Fund to provide funding to innovation education campuses.

An innovation education campus is defined as an educational partnership between high schools or school districts, a Missouri four-year public or private institution of higher education, a Missouri-based business or businesses, and either a Missouri public two-year institution of higher education or Linn State Technical College.

An innovation education campus may receive moneys from the fund provided they demonstrate compliance to the Coordinating Board for Higher Education with the following criteria: they actively work to lower the cost for students to complete a college degree; the program decreases the amount of time required for a student to earn a college degree; the campus provides applied and project-based learning experiences for students, as described in the act; students graduate from the campus with direct access to certain opportunities with a Missouri-based business in partnership with the innovation education campus, as described in the act; and the innovation education campus engage and partners with industry stakeholders.

FISCAL DESCRIPTION (continued)

The Coordinating Board for Higher Education must conduct a review every five years of any innovation education campus for compliance with the requirements. The Coordinating Board must consult with and take input from each entity that is a partner to an innovation education campus. Business and industry involved in an innovation education campus may provide feedback, as described in the act. An innovation education campus must annually verify to the Coordinating Board that it has satisfied the statutory criteria under the act.

Any moneys received by an innovation education campus will not be considered part of the annual appropriation to an institution of higher education or a school district. The Missouri Innovation Campus at the University of Central Missouri has already satisfied the eligibility requirements to receive moneys from the fund.

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  
Joint Committee on Administrative Rules  
Office of Secretary of State  
    Administrative Rules Division  
Office of State Treasurer  
Colleges and Universities  
    Missouri Western State University  
    Missouri State University  
    University of Missouri System  
    Kansas City Metropolitan Community College  
    Linn State Technical College  
    University of Central Missouri  
    Northwest Missouri State University  
Parkway School District



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