

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1417-07
Bill No.: Truly Agreed To and Finally Passed SCS for SB 381
Subject: Education, Higher; Higher Education Department; Boards, Commissions, Committees, Councils
Type: Original
Date: May 30, 2013

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
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)
Total Estimated Net Effect on General Revenue Fund	\$0 or (Unknown - Could exceed \$100,000)	\$0 or (Unknown - Could exceed \$100,000)	\$0 or (Unknown - Could exceed \$100,000)

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

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

*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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
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 2014	FY 2015	FY 2016
Local Government*	\$0	\$0	\$0

***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 Senate Committee Substitute for SB 381, 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, community colleges, and Missouri-based businesses 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.

Oversight will reflect a potential cost to the General Revenue Fund of \$0 or (Unknown - Could exceed \$100,000) depending on the potential General Assembly appropriation to fund the program (as stated in 178.1100.3 and 178.1100.8). Oversight assumes if an appropriation is made, it will be for more than \$100,000 annually.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE			
<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>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$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>)
INNOVATION EDUCATION CAMPUS FUND			
<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>)
ESTIMATED NET EFFECT ON INNOVATION EDUCATION CAMPUS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
UNIVERSITIES			
<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>)
ESTIMATED NET EFFECT ON UNIVERSITIES	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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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Ross Strobe
Acting Director
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