

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1582-04
Bill No.: CCS for HCS for SCS for SB 355
Subject: Advertising and Signs; Higher Education; Roads and Highways; Department of Transportation
Type: Original
Date: May 11, 2017

Bill Summary: This proposal modifies provisions of law relating to road signs, outdoor advertising and education.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	(Could exceed \$2,469,300)	(Could exceed \$2,469,300)	(Could exceed \$2,469,300)
Total Estimated Net Effect on General Revenue	(Could exceed \$2,469,300)	(Could exceed \$2,469,300)	(Could exceed \$2,469,300)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Dental Fund	(\$2,288)	\$2,437	(\$118)
Total Estimated Net Effect on Other State Funds	(\$2,288)	\$2,437	(\$118)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 12 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§§163.191, 172.280, 173.005, 174.225, 174.231, 174.251, 174.500, 178.636

Oversight notes these sections modify provisions relating to higher education degree offerings.

In response to a similar proposal from 2017 (SCS/HB 758, LR # 1599-02), officials at the **Department of Higher Education** assumed there would be no fiscal impact from this proposal.

In response to a similar proposal from 2017 (SCS/HB 758, LR # 1599-02), officials at the **University of Missouri** assumed this was not expected to exceed \$100,000 in cost.

In response to a similar proposal from 2017 (SCS/HB 758, LR # 1599-02), officials at the **Missouri State University** assumed there would be a positive impact in an undetermined amount.

In response to a similar proposal from 2017 (SCS/HB 758, LR # 1599-02), officials at the **State Technical College of Missouri** and **St. Louis Community College** each assumed there would be no fiscal impact from this proposal.

In response to a similar proposal from 2017 (SCS/HB 758, LR # 1599-02), officials at the **Missouri Western State University** assumed there may be a slight positive fiscal impact from this proposal.

In response to a similar proposal from 2017 (SCS/HB 758, LR # 1599-02), officials at the **University of Central Missouri** assumed the proposal was difficult to determine if it would have an impact.

Oversight assumes this proposal is permissive and would not have a direct fiscal impact.

§172.287

Oversight notes this section extends the expiration date for equipment grants for engineering programs at the University of Missouri.

In response to a similar proposal from 2017 (SB 440, LR # 1988-01), officials at the **Department of Higher Education** assumed there would be no fiscal impact from this proposal to the Department. The Department currently includes this information in their budget book under “Capital Improvements”.

ASSUMPTION (continued)

In response to a similar proposal from 2017 (SB 440, LR # 1988-01), officials at the **Office of Administration's Division of Budget and Planning** assumed the extension of the engineering equipment grant program will have no direct impact on General and Total State Revenues. Additional appropriations to this program may reduce resources otherwise available for other budget priorities.

In response to a similar proposal from 2017 (SB 440, LR # 1988-01), officials at the **University of Missouri** assumed no negative impact from this proposal.

Oversight notes this proposal extends the expiration date (from June 30, 2017 to June 30, 2027) of the engineering college grants at the University of Missouri. Oversight notes that in the budget request submitted by Department of Higher Education for FY 2017, the four campuses requested the following:

Engineering Equipment	State Request	Local Request	Total
UM- Columbia	\$482,400	\$482,400	\$964,800
UM -Kansas City	\$97,200	\$97,200	\$194,400
UM - Rolla	\$960,000	\$960,000	\$1,920,000
UM- St. Louis	\$61,200	\$61,200	\$122,400
Total	\$1,600,800	\$1,600,800	\$3,201,600

Oversight notes the extension of this program would result in an extension of the financial obligation of this proposal. Oversight will show the impact to the state as could exceed the \$1,600,800 in state funding.

§§173.1101, 173.1102, 173.1104, 173.1105, 173.1107

Oversight notes these sections change the laws by adding virtual institutions to the Access Missouri Financial Assistance Program.

In response to a similar proposal from 2017 (HCS/HB 411, LR # 0999-02), officials at the **Department of Higher Education (DHE)** assumed to be eligible for Access Missouri, students need to file their FAFSA by the priority deadline of February 1, or the final deadline of April 1, each year. While not all students will file by the final deadline, we do expect the number who do to increase.

ASSUMPTION (continued)

However, that projection cannot be determined, so calculations are based on the number of students who have filed by the priority deadline this year.

Since an increase in the number of eligible students does not require a specific increase in the appropriation to the program, the projected fiscal impact of this change is zero. However, there are about 743 students who are likely to attend Western Governors University during the 2017-2018 academic year who have an expected family contribution of less than \$12,000, making them potentially eligible for an award. The utilization rate for the Access Missouri population is about 52 percent, meaning approximately 386 students would receive and use the grant. The current award amount is \$2,250; while that award amount could change, adding this pool of students would require \$868,500 to continue to maintain current award levels.

In response to a similar proposal from 2017 (HCS/HB 411, LR # 0999-02), officials at the **Metropolitan Community College** assumed there would only be an impact if the state does not increase funding to cover the additional eligible students.

In response to a similar proposal from 2017 (HCS/HB 411, LR # 0999-02), officials at the **Missouri State University, Missouri Western State University, State Technical College of Missouri, St. Louis Community College** and the **University of Missouri** each assumed there would be no fiscal impact from this proposal to their respective university.

Oversight notes this proposal would allow students that attend approved virtual institutions to receive money from the Access Missouri Financial Assistance Program. An approved virtual institution is amended in §173.1101 to §173.1107 to allow students from Western Governors University to receive this funding.

The Access Missouri program is designed to provide need-based financial aid to eligible Missouri residents. Students with an expected family contribution below the established cutoff are eligible for the award. Award amounts are graduated, using statutory formula, based on the student's expected family contribution.

Starting in FY 2015 and beyond the award amounts are:

Public two-year sector = \$300 minimum and \$1,300 maximum

Public four-year sector and State Technical College = \$1,500 minimum and \$2,850 maximum

Private institutions = \$1,500 minimum and \$2,850 maximum.

ASSUMPTION (continued)

Table 1 - Number of Students Receiving Grant

	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Target	FY 2017 Target	FY 2018 Target
Number of Students	55,858	52,826	51,367	49,100	47,100	47,100
Appropriated Amount	\$64,067,301	\$60,664,771	\$59,933,326	\$69,500,000	\$69,500,000	N/A

Source: Department of Higher Education
 N/A - Not Available

Oversight notes each year the Legislature appropriates funding for the Access Missouri Financial Assistance Program, from General Revenue, Lottery Proceeds and other Funds. In FY 2017, \$69,500,000 was appropriated for a projected 47,100 students. Should the amount of the appropriation remain the same and the number of eligible students increase, then the amount distributed to each individual student would be reduced. Should the Legislature decide to increase the appropriation to cover the additional Western Governors University students, then General Revenue would be impacted but the individual student’s funding level would not. Oversight will show the impact as \$0 (no additional funds appropriated) to could exceed the estimate provided by DHE.

§226.520

Oversight notes this section provides that two-year and four-year educational institutions shall be eligible for the same types of signs.

In response to a previous version (SCS/SB 355, LR # 1582-02), officials from the **Department of Higher Education** assumed the proposal would have no fiscal impact on their organization.

In response to a previous version (SCS/SB 355, LR # 1582-02), officials from the **Department of Transportation (MoDOT)** assumed the proposal would have no fiscal impact on their organization.

§§332.081, 332.183

Oversight notes this section allows the Missouri Dental Board to issue dental faculty permits to individuals who are employed by accredited dental schools, colleges or programs in Missouri.

ASSUMPTION (continued)

In response to a similar proposal from 2017 (HB 665, 1272-01), officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** assumed this proposal (specifically Section 332.183) states the dental board may issue dental faculty permits to employees of an accredited dental school, college or program in Missouri. The permits shall be renewed every two years.

The following board-specific expenses are calculated to determine the additional appropriation needed by the division to support the board.

Staffing

It is assumed existing DIFP staff will be utilized.

Printing and Postage

Printing and postage expenses for the first year include printing of rules, applications, letterhead, and envelopes, as well as costs associated with mailings associated with initial licensure. Subsequent year's printing and postage is based on a board of similar size.

FY 2018

Number of Licensees:	75
Postage and Printing Costs:	<u>\$12.50</u>
Total:	\$938

FY 2019 and FY 2020

Total: \$188

Licensure System

During the first year of implementation, costs are calculated for the design, programming, and implementation of the licensure program for new boards.

FY 2018

Hours for design, program, and implementation:	18
Cost per hour:	<u>\$75</u>
Total Licensure System Costs:	\$1,350

ASSUMPTION (continued)

In summary, DIFP assumes a cost of **\$2,288** (\$938 + \$1,350) in FY 2018 and \$188 in FY 2019 and FY 2020 to provide for the implementation of the changes in this proposal.

Revenue

The projected revenue reflects the fees listed below for an electrical contractor certificate. In addition, a 3% growth rate has been estimated.

It is estimated that the collection of initial license fees will begin in FY 2019.

Initial License Fees

Biennial Fee: \$35.00

Funding

It is assumed that all fees collected and expenses paid would be deposited to and paid from the Dental Fund for the operation of this regulatory responsibility.

In summary, DIFP assumes a revenue of **\$2,625** (\$35 (Biennial Fee) x 75 (Number of Licensees)) in FY 2019 and \$70 in FY 2020 to provide for the implementation of the changes in this proposal.

In response to a similar proposal from 2017 (HB 665, 1272-01), officials from the **Office of the 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 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 the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS 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 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. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

ASSUMPTION (continued)

In response to a similar proposal from 2017 (HB 665, 1272-01), officials from the **Joint Committee on Administrative Rules** stated this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

In response to a similar proposal from 2017 (HB 665, 1272-01), officials from the **Department of Higher Education** assumed the proposal would have no fiscal impact on their organization.

Oversight notes the balance of the Missouri Dental Board Fund (0677) as of January 31, 2017 was \$2,827,484.

Bill as a Whole

Officials from the **Department of Transportation, St. Louis Community College** and **Missouri Western University** each assume the proposal will have no fiscal impact on their respective organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
GENERAL REVENUE FUND			
<u>Cost</u> - extension of the engineering equipment grants for the UM System from 6/2017 - 6/2027 (§172.287)	(Could exceed \$1,600,800)	(Could exceed \$1,600,800)	(Could exceed \$1,600,800)
<u>Cost</u> - Department of Higher Education - increased Access MO funding for students attending a virtual institution (§§173.1101, 173.1102, 173.1104, 173.1105, 173.1107)	\$0 to (Could exceed <u>\$868,500</u>)	\$0 to (Could exceed <u>\$868,500</u>)	\$0 to (Could exceed <u>\$868,500</u>)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	(Could exceed <u>\$2,469,300</u>)	(Could exceed <u>\$2,469,300</u>)	(Could exceed <u>\$2,469,300</u>)
DENTAL FUND			
<u>Income</u> - DIFP Dental Faculty Permits (§§332.081, 332.183)	\$0	\$2,625	\$70
<u>Cost</u> - DIFP Administrative Cost (§§332.081, 332.183)	<u>(\$2,288)</u>	<u>(\$188)</u>	<u>(\$188)</u>
ESTIMATED NET EFFECT TO THE DENTAL FUND	<u>(\$2,288)</u>	<u>\$2,437</u>	<u>(\$118)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Certain small businesses would not have to pay a one-time permit fee and biennial inspection fee for outdoor advertising with this proposal.

FISCAL DESCRIPTION

This proposal extends from June 30, 2017, to June 30, 2027, the expiration date for a capital improvement appropriation request to include engineering equipment grants at the University of Missouri.

This proposal allows students enrolled in virtual institutions, as defined in the act, to participate in the Access Missouri Financial Assistance Program.

A virtual institution must continuously maintain all specified requirements to be considered an approved virtual institution.

This proposal exempts the current \$250 outdoor advertising fee and biennial inspection fee for certain highway signs under Section 226.550, RSMo when a sign is displayed by a landowner who also owns the business advertised on the sign and where the business has a physical location within 750 feet of the sign.

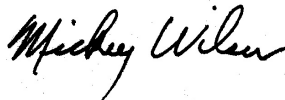
This proposal creates a dental faculty permit system to be implemented and enforced by the Missouri Dental Board. Under this bill, the holder of a dental faculty permit will be authorized to practice dentistry without a license but only within the course of teaching as part of an accredited dental school program. The holder of a dental faculty permit will not be able to receive any fee or compensation for the practice of dentistry except salary or benefits received as part of his or her employment with the Missouri dental school, college, or program.

This proposal also clarifies that two- and four-year colleges of all types are eligible for the placement of official signs such as directional and traffic signs on their property in the same way that specified secular institutions are granted permission for sign placement.

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 Administration - Budget and Planning
Department of Transportation
Department of Higher Education
Office of the Secretary of State
Joint Committee on Administrative Rules
Department of Insurance, Financial Institutions and Professional Registration
Missouri State University
Missouri Western State University
St. Louis Community College
State Technical College of Missouri
University of Central Missouri
University of Missouri
Metropolitan Community College



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