

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6189-01  
Bill No.: HB 1974  
Subject: Education, Higher; Higher Education Department  
Type: Original  
Date: March 7, 2014

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Bill Summary: This proposal establishes the College Credit Disclosure Act which requires a higher education institution to disclose its unaccredited status to students before enrollment.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>       |            |            |            |
|---|------------|------------|------------|
| FUND AFFECTED   | FY 2015    | FY 2016    | FY 2017    |
|   |            |            |            |
|   |            |            |            |
| <b>Total Estimated Net Effect on General Revenue Fund</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>              |            |            |            |
|---|------------|------------|------------|
| FUND AFFECTED   | FY 2015    | FY 2016    | FY 2017    |
|   |            |            |            |
|   |            |            |            |
| <b>Total Estimated Net Effect on <u>Other</u> State Funds</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                  |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>  | <b>FY 2015</b> | <b>FY 2016</b> | <b>FY 2017</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 2015</b> | <b>FY 2016</b> | <b>FY 2017</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 2015</b> | <b>FY 2016</b> | <b>FY 2017</b> |
| <b>Local Government</b>                    | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Higher Education (DHE)** assume this bill would require institutions that grant "college-level credit" that are not accredited by a regional accrediting commission recognized by the U.S. Department of Education to provide students with a disclosure relating to the transferability of credit at the time of enrollment. This provision would have no direct fiscal impact on the DHE.

Officials from **Linn State Technical College, Missouri State University, Northwest Missouri State University, University of Missouri System, University of Central Missouri, Missouri Western State University, and St. Louis Community College** each assume this proposal will have no fiscal impact on their respective institutions.

Officials from the following colleges and universities: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Kansas City Metro Community College, Lincoln University, Moberly Area Community College, Missouri Southern State University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, Three Rivers Community College, and Truman State University did not respond to **Oversight's** request for fiscal impact.

| <u>FISCAL IMPACT - State Government</u> | FY 2015<br>(10 Mo.) | FY 2016    | FY 2017    |
|---|---------------------|------------|------------|
|   | <u>\$0</u>          | <u>\$0</u> | <u>\$0</u> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2015<br>(10 Mo.) | FY 2016    | FY 2017    |
|---|---------------------|------------|------------|
|   | <u>\$0</u>          | <u>\$0</u> | <u>\$0</u> |

### FISCAL IMPACT - Small Business

Although the proposal does not define "college-level credit," the Department of Higher Education (DHE) estimates 60 private institutions currently certified to operate by the DHE, many of which would meet the definition of a small business, would be subject to this requirement. While nearly all of these schools currently provide a similar disclosure to students at enrollment, those disclosures likely do not conform to the language and format prescribed in

FISCAL IMPACT SMALL BUSINESS (Continued)

the bill. Consequently, these businesses would be required to produce the paperwork described in the bill and may be required to revise school catalogs and other publications to conform to the bill's requirements. Production of the additional forms and the revision of existing publication would have an unknown economic impact on these businesses.

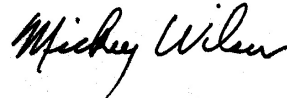
FISCAL DESCRIPTION

This bill establishes the College Credit Disclosure Act, which requires a higher education institution not accredited by a recognized regional accreditor to disclose in writing during the admission application process that the institution is not accredited, if it grants college-level credit. An exception is made for an institution that is affiliated with a religion if its faith-related accreditor is federally recognized. The disclosure must be signed by the student before registering for any class that grants credit.

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  
Colleges and Universities  
Missouri State University  
Northwest Missouri State University  
University of Missouri System  
University of Central Missouri  
Missouri Western State University  
St. Louis Community College



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March 7, 2014

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