

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1895-02  
Bill No.: HCS for HB 927  
Subject: Higher Education  
Type: Original  
Date: April 14, 2017

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Bill Summary: This proposal modifies provisions relating to institutional performance measures for institutions of higher education.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
College & University	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</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 2018</b>	<b>FY 2019</b>	<b>FY 2020</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 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

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

## FISCAL ANALYSIS

### ASSUMPTION

In response to the previous version, officials at the **Department of Higher Education** assumed there was no way to know how this change in the performance funding model would fiscally impact the institutions of higher education. The performance funding model is only used to distribute increased appropriations to the institutions by the General Assembly. In addition, the department is still collecting and testing data on the job placement performance measure and cannot predict institutions' results once implemented.

In response to the previous version, officials at the **University of Missouri** assumed they are unable to determine an exact impact on the University System; however, the legislation could result in less funding for the University as compared to the current performance funding formula.

In response to the previous version, officials at the **University of Central Missouri (UCM)** assumed UCM's current performance funding metrics are:

- First-time, full-time freshmen completion of 24 hours their first academic year.
- Total degrees awarded.
- Improvement in assessment of general education.
- Percent of university expenditures dedicated to core mission (instruction, research and public service).
- Percent of graduates earning degrees in professional and applied technology disciplines.

It is difficult to estimate an associated cost with this bill without knowing the specific requirements of the proposed performance measure relating to job placement.

Officials at the **Missouri Western State University** assume calculating the impact proves to be difficult. There are too many unknowns associated with the employment aspects of this proposal.

Officials at the **Missouri State University** assume this would have a negative fiscal impact of an undetermined amount.

In response to the previous version, officials at the **State Fair Community College** assumed forfeited performance funding of \$84,022

ASSUMPTION (continued)

In response to the previous version, officials at the **St. Louis Community College** assumed it was hard to specify the costs. Not sure how much of this information is already collected.

Officials at the **State Technical College of Missouri** assume there is no fiscal impact from this proposal.

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

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
<b>GENERAL REVENUE FUND</b>			
<u>Savings</u> - institutions not meeting performance measures	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>
<b>COLLEGE &amp; UNIVERSITY FUNDS</b>			
<u>Loss</u> - not meeting performance measures	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<b>ESTIMATED NET EFFECT ON COLLEGE &amp; UNIVERSITY FUNDS</b>	<b><u>\$0 or (Unknown)</u></b>	<b><u>\$0 or (Unknown)</u></b>	<b><u>\$0 or (Unknown)</u></b>
<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

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

FISCAL DESCRIPTION

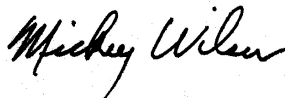
Beginning in calendar year 2019, public institutions of higher education, in collaboration with the coordinating board, will add an institutional performance measure relating to job placement in a field or position associated with the student's degree level and pursuit of a graduate degree.

Such job placement measure will be weighted as one-third of the performance funding allocation for each institution, with the four remaining measures counted equally as the remaining two-thirds of an institution's performance funding allocation. The success or failure of any institution to meet any of its performance measures will not affect the performance funding of any other institution. If an institution fails to meet its performance measures the forfeited funds will revert to general revenue.

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  
Missouri State University  
Missouri Western State University  
State Fair Community College  
St. Louis Community College  
State Technical College of Missouri  
University of Central Missouri  
University of Missouri



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