

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0690H.01I
 Bill No.: HB 233
 Subject: Education, Higher; Higher Education and Workforce Development, Department of
 Type: Original
 Date: January 28, 2021

Bill Summary: This proposal establishes the "informed student document act" to require institutions of higher education to provide outcomes information to incoming freshmen.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	(\$128,496)	(\$77,506)	(\$78,187)
Total Estimated Net Effect on General Revenue	(\$128,496)	(\$77,506)	(\$78,187)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Colleges & Universities	(Could exceed \$250,000)	(Could exceed \$250,000)	(Could exceed \$250,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(Could exceed \$250,000)	(Could exceed \$250,000)	(Could exceed \$250,000)

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from **Department of Higher Education and Workforce Development (DHEWD)** assume sections 161.625 and 173.1011 both require DHEWD to gather and report on a significant amount of information that the department does not currently report.

DHEWD requests one FTE at the Research/Data Analyst classification (FY 2021 salary midpoint: \$47,287.50 plus IT/equipment costs) to manage data collection and reporting. DHEWD staff also created reviews for ITSD, which will likely result in additional costs.

OA standard for both one-time and ongoing costs such as systems furniture, computer equipment and ongoing per FTE costs are included following FY 2022 budget instructions on OA's website.

This legislation creates significant new reporting obligations for DHEWD research staff, with multiple data points and trend data. The legislation would also require the collection of new data and potentially the negotiation and management of data sharing MOUs with other entities. Coordination with colleges, universities, and other postsecondary training providers, along with development of relevant regulations, would also require significant staff time. ITSD support would also be required for database changes, reports and web development.

It is unclear whether all required data would be available, e.g. "high school credential programs, career and technical education programs, and military first-term enlistments" or "average starting salary for individuals graduating from a vocational school in the state". Further discussion is needed with DESE, particularly. "Employment potential", if defined as the percentage of completers employed after graduation, may not be available for out-of-state peer institutions.

"Self-reported income of college alumni" if interpreted literally, would place a significant additional burden on the institutions, compared to the use of state wage data or available federal reporting. ACT/SAT data are often not collected by, nor used in admissions by open-admissions institutions. Selective institutions nationally were also moving in the direction of "test-optional" admissions even before the COVID-19 pandemic.

OA-ITSD has estimated a total of 574.56 hours at \$95 per hour will be required for a total of \$54,583 in one-time costs. These will be modifications to the existing MOSCORES system at DHEWD to add the additional data elements and reporting required in the legislation.

Overall, the total estimated costs to DHEWD are \$128,497 in the first year (FY 2022) and \$77,506 in FY 2023 and \$78,187 in FY 2024.

Officials from the **Department of Elementary and Secondary Education** assume the proposal will have no fiscal impact on their organization.

Officials from the **University of Missouri System** state, as written, the proposed legislation will have a significant fiscal impact on the University in an amount greater than \$100,000. This includes costs associated with collecting the data requested by the provisions of the bills and working with other organizations that can aid the University in providing said data. Meeting the legislation's annual October 15 deadline would also create challenges, given the University's process for taking census and when student outcome surveys are conducted and finalized.

Officials from **Missouri State University** assume a potential negative fiscal impact of an undetermined amount due to time required to compile and report additional information to DHEWD.

Officials from the **University of Central Missouri** anticipate a minimal financial impact.

Officials from **State Technical College of Missouri** assume this would have a negative fiscal impact on the College. It is estimated that 1 FTE would be added at an annual cost, including benefits, of approximately \$72,500.

Oversight assumes there could be costs to Colleges and Universities for the collection data. Oversight notes there are 27 public institutions of higher education. If half of the institutions required an FTE the cost is estimated at \$942,500 (assuming a cost per FTE similar to the cost estimated by State Technical College of Missouri).

For purposes of this fiscal note, **Oversight** will show a cost that could exceed \$250,000 to institutions of higher education.

Oversight received a limited number of responses from colleges & universities related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other Colleges and Universities were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE			
<u>Costs - DHEWD</u>			
Personal Service	(\$39,406)	(\$47,760)	(\$48,238)
Fringe Benefits	(\$23,250)	(\$28,059)	(\$28,200)
Expense & Equipment	(\$11,257)	(\$1,687)	(\$1,729)
Total Costs	(\$73,913)	(\$77,506)	(\$78,187)
FTE Change DHEWD	1 FTE	1 FTE	1 FTE
<u>Costs - DHEWD - ITSD Services</u>	<u>(\$54,583)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$128,496)</u>	<u>(\$77,506)</u>	<u>(\$78,187)</u>
Estimated Net FTE Change for the General Revenue Fund	1 FTE	1 FTE	1 FTE
COLLEGE & UNIVERSITIES			
<u>Costs - data collection</u>	(Could exceed <u>\$250,000</u>)	(Could exceed <u>\$250,000</u>)	(Could exceed <u>\$250,000</u>)
ESTIMATED NET EFFECT ON COLLEGES & UNIVERSITIES	(Could exceed <u>\$250,000</u>)	(Could exceed <u>\$250,000</u>)	(Could exceed <u>\$250,000</u>)

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<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

This bill creates the "Students' Right to Know Act".

The bill requires the Department of Higher Education and Workforce Development to collect specified information including the most in-demand jobs in the state, starting salary, the education level required for such job, information about the cost of colleges and vocational schools in the state, and student loans.

This information shall be collected annually by Department of Higher Education and Workforce Development and shall be distributed to the Department of Elementary and Secondary Education and every public high school in the state for distribution to students by October 15 each year.

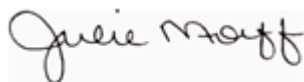
This bill requires the Coordinating Board for Higher Education to develop an informed student document to include information as outlined relating to the institutional grouping, averages regarding costs, employment, and admissions as specified in the bill.

The bill also requires that a prospective student or the student's parent or legal guardian verify that the document has been read prior to application to the institution. The document is also required to be available on the website of the Department of Higher Education and Workforce Development and on the website of each individual institution.

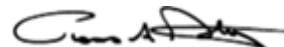
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Higher Education and Workforce Development
Department of Elementary and Secondary Education
University of Missouri System
State Technical College of Missouri
University of Central Missouri
Missouri State University



Julie Morff
Director
January 28, 2021



Ross Strobe
Assistant Director
January 28, 2021