

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2496-01  
Bill No.: SB 780  
Subject: Education, Higher  
Type: Original  
Date: January 12, 2004

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Total Estimated Net Effect on <u>All</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 2005</b>	<b>FY 2006</b>	<b>FY 2007</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 LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</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 legislation would have no direct fiscal impact on DHE, provided DHE is not required to perform any duties pursuant to this legislation.

DHE notes that the proposal could have a significant but unquantifiable negative impact on higher education institutions. DHE notes that state funding and tuition and fees constitute the two main funding sources for many higher education institutions. Missouri public higher education institutions received an average of 37 percent of their total estimated Unrestricted Education and General Revenues from tuition and fees. DHE also states this proposal could negatively impact private and proprietary institutions since students attending private and proprietary institutions may receive state funding in the form of grants and scholarships.

Officials from **Central Missouri State University** assume this proposal would have an unknown negative impact on their organization.

**ASSUMPTION** (continued)

Officials from the **University of Missouri** and **Truman State University** state that they are unable to estimate the impact of this proposal on their organizations.

Officials from **Southeast Missouri State University** assume this proposal would have a first-year cost of approximately \$15 million to their organization.

Officials from **Southwest Missouri State University** assume this proposal would have a first-year implementation cost in excess of \$10 million to their organization, with ongoing costs of approximately \$750,000 per year.

Officials from **Linn State Technical College** assume this proposal would have no impact on their organization.

Officials from **East Central College, Metropolitan Area Community College, Moberly Area Community College, Lincoln University, Missouri Southern State University - Joplin, Missouri Western State University, North Central Missouri College, Northwestern Missouri State University, State Fair Community College, St. Louis Area Community College, Three Rivers Community College, Harris Stowe State College** did not respond to our request for information on this proposal.

**Oversight** assumes this proposal would result in significant but unknown negative fiscal impact to the higher education organizations. Since the proposal would become effective as of August 28, 2004, the first impact would be at the beginning of the second semester of the academic year ending June 30, 2005 (state FY 2005). The impact would increase each semester after that, if higher education institutions were unable to compensate for higher costs by increasing tuition and fees. Oversight has not shown any impact to the state General Revenue Fund since this proposal would not require any additional state appropriations.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal could significantly impact small businesses involved in providing higher education services if they or their students received any form of state support.

DESCRIPTION

This proposal would freeze tuition rates from the time Missouri undergraduates enter college until they graduate.

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  
Central Missouri State University  
Southeast Missouri State University  
Southwest Missouri State University  
Truman State University  
University of Missouri  
Linn State Technical College

NOT RESPONDING

**East Central College**  
**Metropolitan Area Community College**  
**Moberly Area Community College**  
**Lincoln University**  
**Missouri Southern State University - Joplin**  
**Missouri Western State University**  
**North Central Missouri College**  
**Northwestern Missouri State University**  
**State Fair Community college**  
**St. Louis Area Community College**  
**Three Rivers Community College**  
**Harris Stowe State College**



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Director  
January 12, 2004