

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 89** HLS 19RS 323

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | | |
|--|---------|-----------------------------|
| Date: June 3, 2019 | 8:41 AM | Author: MCMAHEN |
| Dept./Agy.: Higher Education | | Analyst: Ryan Guidry |
| Subject: Northwest LA Technical College | | |

COLLEGES/COMMUNITY AND EN INCREASE SG EX See Note Page 1 of 2
 Renames the Northwest La. Technical College as the Northwest Louisiana Technical Community College and provides for an expansion of its mission and educational program

Proposed law renames the Northwest LA Technical College as Northwest LA Technical Community College (Northwest LTCC).

Proposed law expands the mission of Northwest LTCC to include providing a comprehensive educational program and authorizes Northwest LTCC to grant certificates, diplomas, associate degrees, and associate transfer degrees.

Proposed law requires the Louisiana Community and Technical Colleges System (LCTCS) and the Board of Regents (BOR) to work closely with Northwest LTCC to ensure accreditation.

Proposed law allows Delgado Community College to expend capital improvement funds for advanced workforce training projects previously authorized for the Blair Campus at any of its seven (7) campuses

| EXPENDITURES | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 5 -YEAR TOTAL |
|---------------------|------------|------------|------------|------------|------------|-------------------|
| State Gen. Fd. | INCREASE | INCREASE | INCREASE | INCREASE | INCREASE | |
| Agy. Self-Gen. | INCREASE | INCREASE | INCREASE | INCREASE | INCREASE | |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Annual Total | | | | | | |

| REVENUES | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 5 -YEAR TOTAL |
|---------------------|------------|------------|------------|------------|------------|-------------------|
| State Gen. Fd. | SEE BELOW | |
| Agy. Self-Gen. | SEE BELOW | |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Annual Total | | | | | | |

EXPENDITURE EXPLANATION

There will be an indeterminable increase in expenditures for the Northwest LTC to convert to a technical community college. Based on updated information, initial costs will be less than \$75,000 annually, but will increase significantly once the institution seeks accreditation.

The institution must apply to the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) for accreditation which includes application fees and multiple site visits paid for by the institution. The preliminary meetings will establish the accreditation requirements related to expanded course offerings which will necessitate infrastructure and facility upgrades, faculty and staff increases, and miscellaneous expenditures associated with the name change. At this time, specific expenditures are not available as Northwest LTC has not met with the Southern Association of Colleges and Schools (SACS) for preliminary accreditation discussions and many of the expenditures will be driven by accreditation requirements. A timeline for implementation has not been provided, but LCTCS indicates implementation of the expanded offerings would be phased in over the next several fiscal years. Although the expenditure increase is indeterminable for the Northwest LTC conversion, similar conversions for Central Louisiana Technical Community College (CLTCC) and Northshore Technical Community College (NTCC) have resulted in average annual expenditure increases of less than \$75,000 over the first five (5) fiscal years.

EXPENDITURE EXPLANATION CONTINUED ON PAGE 2

REVENUE EXPLANATION

There will be an indeterminable impact to SGR for Northwest LTC related to the expansion of course offerings and an increase in the per credit hour tuition rate. LCTCS has indicated the increased community college tuition rate would take effect immediately in FY 20 for new students while existing students would continue to pay the lower, technical college tuition rate for a two year period. To the extent Northwest LTC has authority to increase tuition, SGR would increase by an indeterminable but lesser amount in FY 20 and FY 21 and approximately \$1.14 M in FY 22 and thereafter. Additionally, there will be an indeterminable impact on the distribution of SGF between two-year postsecondary institutions through the higher education outcomes-based funding formula related to the change from a technical college to a community and technical college.

While LCTCS indicates the board has statutory authority to provide for uniform tuition and fees between institutions and would raise the per credit hour tuition rate from \$91.75 to \$138.96 (from \$2,202 to \$3,305 annually for 12 hours per semester), statute also establishes a \$2,000 maximum on tuition and fees for the Louisiana Technical College, and adoption of the the community college per credit hour rate would put the Northwest LTCC tuition above the statutory cap. Therefore it is unclear if and when the \$47.21 (\$138.96 - \$91.75) per credit hour tuition rate increase would take effect. For informational purposes, Northwest LTC provided 24,094 credit hours in academic year 2016-2017. Based on this figure, revenue could increase by \$1.14 M per year (\$47.21 * 24,094 credit hours) should LCTCS increase the per credit hour tuition rate.

REVENUE EXPLANATION CONTINUED ON PAGE 2

| | | |
|--|----------------------------|--|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H} | | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H} | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

Evan Brasseaux
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Staff Director

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CONTINUED EXPLANATION from page one:
EXPENDITURE EXPLANATION CONTINUED FROM PAGE 1

Note: LCTCS has secured a \$50,000 annual commitment from local industry through a newly created Northwest LA Technical Community College Foundation to fund the additional expenditures associated with the conversion. Additionally, to the extent Northwest LTC is able to increase its per credit hour tuition rate, the increased SGR will be available to fund the additional expenditures.

The senate floor amendment removes the requirements for capital improvement funds for advanced workforce training projects authorized for Delgado Community College to be expended on the Blair Campus (Jefferson Site) and instead allows for these funds to be expended on any of Delgado's seven (7) campuses. Any project would require a minimum 12% private match, but LCTCS indicates no such match as been collected to date.

REVENUE EXPLANATION CONTINUED FROM PAGE 1

Proposed law would expand the course offerings provided by Northwest LTC to include associates degree programs, but the specific offerings have not yet been determined by the LCTCS. To the extent the expanded course offerings result in increased enrollment at Northwest LTC, SGR will increase in addition to the projected \$1.14 M tuition increase. However, to the extent the additional course offerings overlap with the course offerings of neighboring institutions, enrollment between institutions could shift.

Proposed law would have an indeterminable impact on the distribution of SGF through the higher education outcomes-based funding formula. For the purpose of determining funding allocations, each institution is weighted by the Southern Regional Education Board (SREB) institutional category to which it is assigned. As a technical college, Northwest LTC is assigned a lower weight; as a community technical college Northwest LTC will move to a category with higher weights. This change will have an indeterminable impact on the distribution of funding between institutions.

Senate Dual Referral Rules

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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