

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 152** HLS 15RS 754

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | |
|---|------------------------------|
| Date: April 18, 2015 6:53 AM | Author: BROADWATER |
| Dept./Agy.: Higher Education | Analyst: Charley Rome |
| Subject: Authorizes Management Boards to Establish/Modify Fees | |

STUDENT/TUITION OR INCREASE SG RV See Note Page 1 of 1
Provides relative to mandatory fees charged to students at public postsecondary education institutions

Proposed law authorizes the management boards of public higher education to establish fees and modify fee amounts at institutions under their respective management and supervision. Provides that such authority specifically includes authority to impose per credit fees and differential fees for certain programs and to charge proportional amounts for part-time students and summer sessions. Present law, the GRAD Act, authorizes specific tuition and fee increases at public postsecondary education institutions contingent on those institutions meeting performance goals established by agreement with the Board of Regents. Proposed law provides that the authority to establish and modify fees as authorized by proposed law is not subject to such contingencies. Proposed law requires each institution to allocate not less than 5% of additional revenues realized pursuant to proposed law to provide need-based financial assistance to students who are eligible to receive a Pell Grant. Effective upon governor's signature.

| EXPENDITURES | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 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 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| REVENUES | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 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 | | | | | | |

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. According to the Office of Student Financial Assistance, TOPS award amounts are based on approved tuition charges at institutions and do not include mandatory fees. As such, increases in mandatory fees authorized by the proposed legislation will have no impact on TOPS expenditures.

REVENUE EXPLANATION

Self-generated revenues from mandatory fees will likely increase to the extent that management boards approve increases as authorized by the proposed legislation. However, public colleges and universities face market factors that affect their ability to raise fees per authority granted by the bill. Some institutions have seen enrollment declines as tuition goes up, decreasing overall revenues from students. Other institutions may choose not to impose significant increases in order to maintain access for low-income students. Actual collections of mandatory fees may also be reduced by hardship waivers, fee exemptions or other forms of student aid.

According to the Board or Regents, each of the following types of public institutions in the state had the following average annual tuition/mandatory fee amounts in FY15: 2-year schools (\$3,425), 4-year schools (\$6,900), and graduate programs (\$7,500). Regents also reported the following number of full-time equivalent (FTE) students attended the following types of public institution in the state in FY14 (latest information currently available): 2-year schools (47,520 students), 4-year schools (101,715 students), and graduate programs (15,810 students). Using these average tuition/mandatory fee amounts and FTE counts, a 1% increase would generate approximately \$9.8M in additional revenues; before reductions for hardship waivers, fee exemptions or other forms of student aid. This estimate is to illustrate the general magnitude of potential fee increases. However, there is no way to estimate the actual amount of increases in fees attributable to the bill.

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {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} |

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