



**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**

Fiscal Note On: **HB 689** HLS 20RS 954

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 21, 2020	7:43 AM	<b>Author:</b> ZERINGUE
<b>Dept./Agy.:</b> Higher Education		<b>Analyst:</b> Jodi Mauroner
<b>Subject:</b> Operational and Fee Autonomy		

COLLEGES/UNIVERSITIES RE INCREASE SG RV See Note Page 1 of 1  
Provides relative to the operations of public colleges and universities

Proposed legislation extends certain fee and operational autonomies previously granted under the GRAD Act and other legislation. Provides that institutions may adjust fees for 2020-2021 through 2022-2023 subject to parameters on total revenue collections; includes per credit charges, differential fees, and part time fees; requires a set aside of at least 5% for need based financial aid; requires reports to the JLCB upon implementation and annual reports to House and Senate Education Committees. Extends operational autonomies granted to some institutions under the authority of the GRAD act to all institutions, as approved by the Division of Administration, pursuant to audit compliance including 1) authority to retain unexpended, unobligated funds; 2) authority to dispose of certain obsolete equipment; 3) authority to be excluded from the table of organization; 4) authority to participate in the procurement code previously approved for LSU, subject to prior review and approval by JLCB; 5) exemption from the state's risk management program pursuant to certification by DOA of operational capacity; 6) authority to administer certain facility projects; 7) investment authority in certain bonds.

<b>EXPENDITURES</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>						

<b>REVENUES</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

There may be an impact to expenditures of institutions associated with certain operational autonomies, to the extent they are approved by Joint Legislative Committee on the Budget (JLCB) and/or the Division of Administration (DOA). Currently, institutions have been granted certain autonomies which expire on July 1, 2020. It is not possible to project which institutions may request additional autonomies and whether such requests will be approved by the JLCB and/or the DOA. Expenditures could increase (as in the case of establishing a self-insured insurance program) or decrease (as in the case of procurement autonomies.)

There will be an impact to the expenditures of Office of Risk Management (ORM) and state agencies participating in the state's risk management program to the extent institutions are exempted. As part of the approval process, ORM would incur costs associated with actuarial valuations. Further, in order to maintain an actuarially sound program, premium rates for remaining ORM participants could increase. It is not possible to project the potential number of institutions exempted and the amount of ORM expenses, or the extent to which ORM would be required to increase premiums.

**NOTE:** LSU which has been granted what were identified as high level autonomies under the Grad Act (self-insurance, and procurement) will likely experience expenditure impacts, to the extent these autonomies are not renewed.

**REVENUE EXPLANATION**

There will be an increase in the self-generated revenues of institutions which exercise the fee autonomy. The amount of such increases cannot be estimated at this time as it will depend upon the number of institutions which choose to increase fees, and extent of such fee increases. Prior year increases have varied by system and by year; with increased revenues totaling approximately \$11 M in FY 16, \$84.9 M in FY 17, \$46.6 M in FY 18, \$38.4 M in FY 19, and \$12.5 M in FY 20.

There may be a reduction in IAT revenues to the Office of Risk Management (ORM) to the extent institutions are granted the authority to establish their own self-insurance program and no longer make payments to ORM.

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}

*Evan Brasseaux*  


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**Staff Director**