

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 549** HLS 11RS 393
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 31, 2011 5:40 AM	Author: TUCKER
Dept./Agy.: Higher Education	Analyst: Travis McIlwain
Subject: Granting Resources & Autonomy for Diplomas Act (GRAD)	

COLLEGES/UNIVERSITIES RE SEE FISC NOTE GF EX Page 1 of 1

Provides relative to the La. Granting Resources and Autonomy for Diplomas Act, including additional operational autonomies to be granted to public postsecondary education institutions and reporting requirements for such institutions and the Board of Regents. The proposed legislation requires the Board of Regents to establish student success objectives to meet GRAD Act performance requirements based on graduation rates, retention rates, and percentage change in program completers. The bill also requires publishing cost performance information annually on the Board of Regents website. The bill gives the Board of Regents authority to raise performance objectives. The legislation creates the following 3-tiered performance structure which includes the following levels: Base, Intermediate, and High. The bill grants increased operational autonomies as levels increase providing authority to perform the following functions assigned to the Division of Administration under current law: purchasing, personnel, facilities, and investment. The bill expands the contract review process to include annual renewals. Each institution of higher education shall receive an initial certification and annual reviews to manage the autonomies granted by the Division of Administration. Effective upon governor's signature.

EXPENDITURES	2011-12	2012-13	2013-14	2014-15	2015-16	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2011-12	2012-13	2013-14	2014-15	2015-16	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The impact of the proposed legislation on state expenditures is indeterminable.

The bill provides greater autonomies to higher education institutions in the following areas: procurement, contracting, and information technology purchases. These increased autonomies may reduce unnecessary delays and result in quicker transactions with reduced staff time for review and oversight. However, reduced oversight in procurement, contracting, and information technology purchases may result in less efficient and effective purchasing decisions at higher costs in some cases. There is no way to estimate waste, fraud, and abuse averted by current procurement review procedures removed by the proposed legislation.

The bill also requires higher education institutions to meet specific performance requirements to receive autonomies allowed by the bill. Furthermore, the bill requires approval by the Board of Regents and the Division of Administration to obtain and keep additional authorities authorized in the bill. The Division of Administration anticipates no impact on the agency's expenditures from the proposed legislation. However, the Legislative Fiscal Office anticipates that the autonomies provided in the bill may allow for decreased administrative costs in the Division of Administration.

The bill authorizes exemption from participation in the state's risk management program for eligible higher education institutions, pursuant to a phased-in plan of implementation as determined by the higher education institution in collaboration with the Division of Administration. Exodus of higher education institutions from the state's risk management pool may concentrate remaining risks potentially increasing premiums for remaining state agencies and decreasing efficiencies by reducing economies of scale for remaining risk management operations.

The bill authorizes investment by higher education institutions in tax exempt bonds and other taxable government bonds.

REVENUE EXPLANATION

The bill grants additional authorities to higher education institutions to carry forward unexpended and unobligated funds from one fiscal year to the next. The Constitution requires that unexpended and unobligated funds declared as non-recurring surplus by the Revenue Estimating Conference be used for certain enumerated purposes. The bill may reduce funds for these purposes if higher education institutions have greater authority to retain unused funds as authorized in the bill.

<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 >= \$500,000 Annual Fiscal Cost {S}	<i>Evan Brasseaux</i>
		<input type="checkbox"/> 6.8(F)2 >= \$100,000 Annual SGF Cost {H&S}	
<input 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 Staff Director