

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 155** SLS 15RS 341

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 8, 2015	3:54 PM	Author: DONAHUE
Dept./Agy.: Higher Education		
Subject: Authorizes Management Boards to Establish Tuition/Fees		Analyst: Charley Rome

TUITION RE INCREASE SG RV See Note Page 1 of 2
 Constitutional amendment to authorize the postsecondary education management boards to establish tuition and fee amounts charged by institutions under their supervision and management. (2/3-CA13sl(A))
 Proposed constitutional amendment provides that each constitutionally created postsecondary education management board shall have the authority to establish the tuition and fee amounts charged by institutions under their supervision and management, without legislative approval. Additionally, the proposed constitutional amendment gives each postsecondary management board authority to establish admission standards and requirements for each institution under the board's supervision and management.

Proposed amendment specifies submission of the amendment to the voters at the statewide election to be held on October 24, 2015, provided Senate Bill No. 48 of this 2015 Regular Session is enacted and becomes effective. SB 48 Original caps TOPS awards to amounts paid in FY16.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
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 will be no material impact on SGF expenditures resulting from the part of the proposed constitutional amendment authorizing establishment of tuition and fees by management boards. Typically, tuition increases result in increased SGF expenditures for TOPS recipients. However, passage of this tuition authority bill is contingent on passage of SB48 which caps the amount of the TOPS awards per student to amounts awarded in FY16. While SB48 does allow for increases in TOPS awards in FY17 and thereafter, such increases must be approved by the legislature. Thus, any projected growth in TOPS would be the result of normal student enrollment and is not expected to significantly impact SGF expenditures.

There may be an increase in state instructional expenditures associated with the part of the proposed constitutional amendment authorizing establishment of admission standards by management boards. Some students may attend higher cost 4-year institutions instead of community colleges due to lowering of admissions standards at some 4-year schools as authorized by the proposed constitutional amendment. There is no way to anticipate potential enrollment shifts from community colleges to 4-year schools and potential cost impacts without knowing the proposed changes in admissions standards that might be adopted by management boards. The bill is unlikely to have a material impact on TOPS expenditures because 4-year institutions at the lower end of admissions criteria in the state have admissions standards that are below those required to qualify for a TOPS academic award. **(Expenditure Explanation Continued on Page Two)**

REVENUE EXPLANATION

Self-generated revenues from tuition and mandatory fees will likely increase to the extent that management boards approve increases per the part of the proposed constitutional amendment authorizing establishment of tuition and fees by management boards. However, public colleges and universities face market factors that affect their ability to raise tuition per authority granted by the proposed constitutional amendment. 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 tuition and mandatory fees may also be reduced by hardship waivers, fee exemptions or other forms of student aid.

According to the Board of Regents, each of the following types of public institutions in the state had the following average annual tuition 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 institutions 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 amounts and FTE counts, a 1% increase in tuition would generate approximately \$9.8M in additional revenues; before reductions for hardship waivers, fee exemptions or other forms of student aid. **(Revenue Explanation Continued on Page Two)**

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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 checked="" 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 One)

However, TOPS expenditures could increase if higher cost 4-year institutions decreased their admissions standards to attract students from community colleges and lower cost 4-year schools. There is no way to determine the likelihood of this alternative scenario and the corresponding cost increases to the TOPS program.

The proposed constitutional amendment will be considered by voters at the statewide election to be held on October 24, 2015. The Secretary of State may incur minimal ballot printing costs associated with this measure. However, as a regular practice, the Secretary of State typically budgets for up to 10 constitutional amendments for the fall statewide elections.

(Revenue Explanation Continued from Page One)

This estimate is to illustrate the general magnitude of potential tuition/fee increases. However, there is no way to estimate the actual amount of increases in tuition/fees attributable to the proposed constitutional amendment.

The part of the proposed constitutional amendment authorizing establishment of admission standards by management boards will likely increase overall student tuition/fees at 4-year institutions and decrease such fees at community colleges if management boards decrease admission standards at some 4-years schools and some students shift from community colleges to 4-year schools. There is no way to anticipate potential enrollment shifts from community colleges to 4-year schools and overall revenue impacts without knowing the proposed changes in admissions standards that might be adopted by management boards.

Senate

Dual Referral Rules

House

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

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

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

6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S}

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

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