

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



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

Bill Text Version: **RE-REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 15, 2015	9:43 AM	<b>Author:</b> DONAHUE
<b>Dept./Agy.:</b> Higher Education		<b>Analyst:</b> Charley Rome
<b>Subject:</b> Authorizes Management Boards to Establish Tuition/Fees		

TUITION RR INCREASE SG RV See Note Page 1 of 1

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.

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.

<b>EXPENDITURES</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>\$0</b>					<b>\$0</b>

<b>REVENUES</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

There will be no material impact on SGF expenditures as a result of this measure. 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.

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**

Self-generated revenues from tuition and mandatory fees will likely increase to the extent that management boards approve increases as authorized by the proposed Constitutional amendment. 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 or 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 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 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. 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.

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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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**Evan Brasseaux**  
**Staff Director**