

LEGISLATIVE FISCAL OFFICE
Fiscal Note



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

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: June 10, 2015	11:34 AM	Author: BROADWATER
Dept./Agy.: Higher Education		
Subject: Authorizes Management Boards to Establish/Modify Fees		Analyst: Charley Rome

STUDENT/TUITION

EN INCREASE SG RV See Note

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Provides relative to mandatory fees charged to students at public postsecondary education institutions

Proposed law authorizes the higher education management boards to establish/modify fees at institutions under their management and supervision. Provides that such authority specifically includes authority to impose per credit and differential fees for certain programs and to charge proportional amounts for part-time students and summer sessions. Such authority shall apply for the 2015-2016 and 2016-2017 academic years only, and shall terminate on June 30, 2017. 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. Revenues per full time equivalent student from all tuition/fee amounts and state revenues shall not exceed the national averages and amounts as reported by the National Center for Education Statistics. Proposed law provides that the authority to establish and modify fees as authorized by proposed law is not subject to such contingencies. **(Bill Summary Continued on Page Two)**

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	\$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

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 in FY16 and FY17 to the extent that management boards approve increases as authorized by the proposed legislation. The bill specifies that revenues per full time equivalent student from all tuition/fee amounts and state revenues shall not exceed the national averages and amounts as reported by the National Center for Education Statistics. 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} |

Evan Brasseaux

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Staff Director

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CONTINUED EXPLANATION from page one:
(Bill Summary Continued from Page One)

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. The bill states that no revenues generated by fees imposed per the proposed legislation shall be used for any other purpose except for support of the university at which the fees were collected. The authority granted in the bill includes the authority to impose a fee for the administration of any student surveys required or authorized by law. Each postsecondary education management board shall submit a written report to the Senate Committee on Education and the House Committee on Education not later than February 15, 2016, and February 15, 2017, regarding how the fees authorized were implemented at each institution under its supervision and management, including an overview of the distribution of the monies in the need-based financial assistance fund provided in the bill. Effective upon governor's signature.

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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