

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 842** HLS 16RS 993
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 28, 2016 2:39 PM	Author: BROADWATER
Dept./Agy.: Board of Regents	Analyst: Matthew LaBruyere
Subject: Board and Commission Consolidation	

HIGHER ED/BD REGENTS OR SEE FISC NOTE GF EX Page 1 of 2
 Provides for the consolidation of certain boards and commissions into the Board of Regents

Present law creates the executive board of Louisiana Universities Marine Consortium for Research and Education (LUMCON) to administer the affairs of the consortium. Proposed law abolishes the board and transfers all of its powers and duties to the Board of Regents. Present law creates the MediFund governing board, which endeavors to achieve its purpose by coordinating and deploying public and private resources to strategically develop and enhance the state's competitiveness in biosciences, biomedical, and medical centers of excellence. Proposed law abolishes the MediFund governing board and transfers all of its powers and duties to the Board of Regents. Present law creates of the Louisiana Student Financial Assistance Commission to supervise, control, direct, and administer state and federal programs to provide loans to assist persons in meeting the expenses of higher education, and state and federal scholarship programs for higher education in accordance with the provisions of present law. Proposed law abolishes the commission and transfers all of its powers and duties to the Board of Regents.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	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	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

EXPENDITURE EXPLANATION

The proposed legislation will result in a decrease in federal fund expenditures as a result of abolishing governing boards for Louisiana Universities Marine Consortium for Research and Education (LUMCON), LA Student Financial Assistance Commission (LASFAC), the LA Tuition Trust Authority (LATTA) and MediFund.

LUMCON

There will be no material effect on expenditures by abolishing the LUMCON executive board. Public postsecondary education institutions that have members on the LUMCON executive board may recognize a negligible savings in travel expenses. However, to the extent the Board of Regents continues to engage the institution members in an advisory role, the travel savings may be negated. The LUMCON executive board meets at least twice a year in Baton Rouge. Currently, there are six public postsecondary education institutions that each have two members on the executive board. The institutions are Louisiana State University, University of New Orleans, Nicholls State University, Louisiana Tech University, University of Louisiana at Lafayette and the University of Louisiana at Monroe. These members would no longer be on the executive board.

LUMCON is currently under the authority of the Board of Regents which serves as the fiscal agent for LUMCON. LUMCON is governed by the executive board which prepares and submits budget requests and budgetary documents to the Board of Regents. The Board of Regents has indicated that no additional resources will be required since it is responsible for reviewing and approving budget requests and fiscal and programmatic matters.

LASFAC & LATTA

There will be a decrease in Federal Fund expenditures as a result of abolishing LASFAC and LATTA. The LASFAC and LATTA historical average expenditures are approximately \$13,700 and include per diem, travel reimbursement and meeting facility rental.

There is a contract in place between the U.S. Department of Education (DOE) and LASFAC for the administration of the Federal Family Education Loan Program (FFELP). **(CONTINUED ON PAGE 2)**

REVENUE EXPLANATION

The proposed legislation may result in an indeterminable impact on Federal Fund revenues as a result of abolishing the LA Student Financial Assistance Commission (LASFAC) and the LA Tuition Trust Authority (LATTA). To the extent the U.S. DOE agrees to the transfer of the administration of the FFELP from LASFAC to the Board of Regents, then Federal revenue will continue to be generated.

NOTE: If the U.S. DOE does not agree to the transfer, then Federal revenues will not be generated and additional resources (likely SGF) will be required to fund programs and expenditures within LOSFA.

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|---|--|--------------|
| <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) >= \$100,000 SGF Fiscal 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
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Staff Director

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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION CONTINUED FROM PAGE 1:

Through this program, the LA Office of Financial Student Assistance (LOSFA) receives Federal funding that is used for the administration of TOPS, GO Grants, Student Tuition Assistance and Revenue Trust (START) Program, outreach programs and for operating expenditures such as rent and utilities. These expenditures total \$4.1 M in FY 16 and are budgeted at \$4.1 M in FY 17. LOSFA has indicated that any substantial changes regarding the administration of this program must be approved by the U.S. DOE. To the extent the U.S. DOE approves the change from LASFAC to the Board of Regents, these operations would continue. The Board of Regents has contacted the U.S. DOE regarding this issue but has not received an answer at this time.

In addition, LASFAC contracts with companies for the administration of FFELP and a software support contract for the START Program. These contracts would need to be transferred to the Board of Regents to continue administration operations.

MediFund

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The MediFund governing board is currently established within the Board of Regents and the MediFund Program is administered by the Board of Regents Sponsored Programs Unit. The Board of Regents has indicated that MediFund governing board has had unfilled vacancies since its creation and has lacked a quorum when it has met. Since the MediFund Program is currently administered by the Sponsored Programs Unit within the Board of Regents, no additional resources will be required.

The statutorily dedicated MediFund has not received a deposit or appropriation since its creation by Act 320 of 2013.

Senate Dual Referral Rules House

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

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

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

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

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