

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



Fiscal Note On: **HB 418** HLS 18RS 370  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> March 27, 2018 4:52 PM	<b>Author:</b> IVEY
<b>Dept./Agy.:</b> Higher Education	<b>Analyst:</b> Willis Brewer
<b>Subject:</b> Authorizes management boards to increase tuition	

STUDENT/TUITION OR INCREASE SG RV See Note Page 1 of 1

Authorizes public postsecondary education management boards to increase tuition and provides for limitations and exceptions

Proposed law authorizes each public postsecondary education management board to increase tuition by an amount of not more than 10% in any one year and not more than 20% cumulatively in a four-year period and further provides as follows: (1) Includes the authority to impose proportional amounts for part-time students and for summer sessions. (2) Requires each board to establish criteria for waiving the tuition authorized by proposed law in cases of financial hardship. (3) Prohibits requiring any recipient of a Taylor Opportunity Program for Students (TOPS) award to pay any tuition increase authorized by proposed law for any semester or term for which he receives such an award.

Proposed law provides that it is: (1) In addition to all present law authorities granted to the management boards relative to tuition and fees. In accordance with present constitution (Art. VII, §2.1(A)), which provides that any new fee imposed or assessed by a state board or agency must be enacted by law by a 2/3 vote of the elected members of each house of the legislature. Effective 8/1/18.

<b>EXPENDITURES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<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>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>REVENUES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</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>\$0</b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

**REVENUE EXPLANATION**

The proposed law will increase SGR to the extent tuition increases are approved by the management boards. The proposed legislation provides flexibility in the additional tuition the institutions can charge as long as institutions do not charge more than 10% in one year or 20% in a four-year time period. Therefore, it cannot be accurately projected how much additional annual revenue each institution will generate.

As an illustrative example, based on the Board of Regents (BOR) budget forms, a one percent (1%) increase in FY 17 Actual Tuition ("general registration") revenue exclusive of fees will generate \$10.3 M in additional gross revenue including TOPS recipients. TOPS recipients are exempted from paying any tuition increase(s) authorized by this legislation. Therefore, based on each institution's current FY 18 TOPS recipients and student headcount, approximately \$2.5 M or 25% of this 1% tuition increase will be exempted; therefore, a one percent (1%) increase will generate \$7.8 in additional gross revenue net of TOPS.

Furthermore, actual collections of mandatory tuition and fees will be reduced by hardship waivers, fee exemptions, or other forms of student aid. In addition, public colleges and universities face market factors that affect their ability to raise fees per authority granted by the bill, enrollment changes may impact the total revenue generated at some institutions, and other institutions may choose not to impose significant increases in order to maintain access for low-income students.

Senate      Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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