

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 197** SLS 20RS 436
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 8, 2020 8:23 AM	Author: FIELDS
Dept./Agy.: Higher Education	Analyst: Jodi Mauroner
Subject: Funding	

POSTSECONDARY ED OR SEE FISC NOTE GF EX Page 1 of 1
 Provides relative to funding for postsecondary educational institutions. (gov sig)

Proposed legislation prohibits the imposition of a penalty on any management board or institution of higher learning for failure to comply with admission standards adopted by the Board of Regents (BOR).

Effective upon governor's signature.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	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	\$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	2020-21	2021-22	2022-23	2023-24	2024-25	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	\$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 impact to expenditures of the Board of Regents as a result of the inability to impose penalties on institutions which fail to adhere to admission standards adopted by the BOR. A reduction of funding to any institution will not result in an overall decrease in the funding formula, as those funds would simply be reallocated to other institutions. Further, since the plan was only recently adopted, there have been no penalties assessed.

BOR admission standards provide for student eligibility criteria for all institutions. Each institution is allowed a specific percentage of all admissions for certain students which do not meet the specified criteria; these exception percentages vary by type of institution. In February 2020 the BOR revised the admission standards policy changing the way the exceptions were calculated, as well as to increase the allowable exceptions for certain students at statewide and regional institutions.

In addition, the policy included penalties for institutions which exceed their admission exceptions as follows:

Year 1 - next year's exceptions limit will be reduced by the number of students admitted in excess of the current year;

Year 2 - if limits are exceeded for two consecutive years, the following year's allocation out of the state Outcomes Based Funding Formula will be reduced based on the number of students exceeding the limit;

Year 3 - if limits are exceeded for three consecutive years, the following year's state allocation will be reduced as in Year 2, along with a reduction of tuition and fee revenue generated from those admissions exceeding the limit.

REVENUE EXPLANATION

There is no anticipated impact to the revenues of higher education institutions which fail to adhere to admission standards adopted by the BOR, as the plan recently adopted has not yet resulted in the assessment of any penalties. Proposed legislation will ensure such penalties are not assessed in future years.

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}

Evan Brasseaux
Evan Brasseaux
Staff Director