

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



Fiscal Note On: **HB 401** HLS 13RS 920

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

|  |                              |
|--|------------------------------|
| <b>Date:</b> May 2, 2013 7:51 AM                     | <b>Author:</b> CARTER        |
| <b>Dept./Agy.:</b> Higher Education                  | <b>Analyst:</b> Charley Rome |
| <b>Subject:</b> Authorizes Tuition and Fee Increases |                              |

STUDENT/TUITION EG SEE FISC NOTE SG RV See Note Page 1 of 1

Authorizes the public postsecondary education management boards to increase tuition and fee amounts under certain circumstances

Proposed law authorizes public postsecondary education management boards to impose a one-time increase in tuition and mandatory attendance fees if an institution meets both of the following criteria: (1) Its approved annual tuition and mandatory fee amount is less than the Southern Regional Education Board (SREB) average for peer institutions; (2) Its graduation and freshman retention rates are at least equal to the average graduation and freshman retention rates for the same peer institutions. The bill prohibits imposition prior to Fall 2016 and limits the amounts of increases to the average for SREB peer institutions. The bill authorizes increases to remain in effect but prohibits subsequent increases. The bill authorizes boards to impose proportional amounts for part-time students, intersessions, and summer sessions and requires boards to establish hardship waivers.

| <b>EXPENDITURES</b> | <b>2013-14</b> | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</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            | SEE BELOW      | SEE BELOW      | <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>REVENUES</b>     | <b>2013-14</b> | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>5 -YEAR TOTAL</b> |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd.      | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Agy. Self-Gen.      | \$0            | \$0            | \$0            | SEE BELOW      | SEE BELOW      | <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>           |

**EXPENDITURE EXPLANATION**

The bill is unlikely to affect TOPS expenditures because it is unlikely that affected colleges and universities will meet the bill's graduation and freshman retention rate requirements (see Revenue Explanation below).

**REVENUE EXPLANATION**

The proposed legislation is unlikely to increase self-generated revenues from tuition and mandatory fees because Louisiana public colleges and universities are substantially below their SREB per institutions in graduation and freshman retention rates. The Legislative Fiscal Office has requested information from the Board of Regents showing graduation and freshman retention rates for Louisiana public higher education institutions compared to their peer SREB institutions. Regents was unable to provide the requested information, but reported that Louisiana colleges and universities are significantly below their SREB peers and are unlikely to equal or exceed their SREB peers by FY17, the initial date allowed to authorize one-time tuition/fee increases.

To the extent Louisiana public colleges and universities meet the bill's graduation and freshman retention requirements in the future, public undergraduate tuition and mandatory fees in Louisiana would need to increase approximately 31% to reach the SREB median based on SREB data from 2011-2012. Louisiana public colleges and universities would increase self-generated revenues from tuition and mandatory fees by approximately \$245M per year if raised to the SREB average, based on data from 2011-2012. However, higher education institutions would only net 90% of new revenue on average, with the remaining 10% going to students with financial waivers and hardships.

- |   |  |              |
|---|--|--------------|
| <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) >= \$500,000 Annual Fiscal Cost {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*

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