

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



Fiscal Note On: **SB 343** SLS 14RS 572

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 30, 2014	3:26 PM	<b>Author:</b> DONAHUE
<b>Dept./Agy.:</b> Higher Education		
<b>Subject:</b> Authorizes Management Boards to Establish Tuition/Fees		<b>Analyst:</b> Charley Rome

TUITION OR INCREASE SG RV See Note Page 1 of 1  
 Constitutional amendment to authorize the postsecondary education management boards to establish tuition and fee amounts charged by institutions under their supervision and management. (2/3-CA13sl(A))  
 Proposed constitutional amendment provides that each constitutionally created postsecondary education management board shall have the authority to establish the tuition and fee amounts charged by institutions under their supervision and management, without legislative approval.

<b>EXPENDITURES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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><u>\$0</u></b>
<b>Annual Total</b>						
<b>REVENUES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</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><u>\$0</u></b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

State general fund expenditures for TOPS awards will increase if tuition and mandatory fees increase per the proposed Constitutional amendment. As stated in the Revenue Explanation below, the Grad Act (Act 741 of the 2010 Regular Session and Act 418 of the 2011 Regular Session) authorizes increases up to 10% per year in tuition/mandatory fees for institutions meeting Grad Act requirements. The extent to which tuition/fees may increase per this Constitutional amendment compared to current authority under the Grad Act and student market/affordability factors is indeterminable.

There will be no impact on expenditures for the Secretary of State from the proposed Constitutional amendment. The proposed bill provides that the constitutional amendment be submitted to voters at the November 4, 2014 election. The November 4, 2014 election is a statewide election, when all precincts in the state are scheduled to be opened. As a regular practice, the Secretary of State budgets for up to 10 constitutional amendments for the fall statewide elections.

**REVENUE EXPLANATION**

Self-generated revenues from tuition and mandatory fees will increase to the extent that management boards and the Board of Regents approve increases as authorized by the proposed Constitutional amendment. The Grad Act (Act 741 of the 2010 Regular Session and Act 418 of the 2011 Regular Session) authorizes increases up to 10% per year in tuition/mandatory fees for institutions meeting Grad Act requirements. The proposed Constitutional amendment will allow management boards to authorize institutional tuition/fee increases greater than the 10% allowed per year by the Grad Act. As such, tuition and fee amounts may increase more after passage of the proposed Constitutional amendment than allowed under current law. However, some institutions face affordability issues among students and may not be able to raise tuition/fees due to market/affordability factors. The extent to which tuition and fees may increase per this Constitutional amendment compared to current authority under the Grad Act and market/affordability factors is indeterminable.

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|--|----------------------------|-------|---|
| Senate   | <u>Dual Referral Rules</u> | House | <input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}                    |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}       |                            |       | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}                             |
| <input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} |                            |       | <input checked="" type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

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