

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 222** HLS 14RS 279
 Bill Text Version: **RE-REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 14, 2014 4:03 PM	Author: LEGER
Dept./Agy.: Higher Education	Analyst: Charley Rome
Subject: Prohibits Reductions in SGF/Ded Funds for Higher Education	

EDUCATION/FINANCE RR SEE FISC NOTE GF EX Page 1 of 1

(Constitutional Amendment) Prohibits the supplanting of state funds for tuition and fee increases for institutions of higher education

Proposed constitutional amendment provides that in any fiscal year in which the fees and self-generated revenues appropriated for higher education from tuition and mandatory fees are greater than the appropriation of such funds in the prior fiscal year, the additional fees and self-generated revenues shall not displace, replace, or supplant the amount appropriated for higher education from the state general fund and dedicated funds. Further defines mandatory fees as higher education fees that are subject to legislative approval. Further provides that the total appropriation from the sum of the state general fund and dedicated funds for higher education may not be reduced below the appropriation for Fiscal Year 2013-2014, except the governor may reduce such appropriation if either of the following occur: (1) If the legislature is in session, the reduction is consented to in writing by two-thirds of the elected members of each house. (2) If the legislature is not in session, the reduction is approved by two-thirds of the members of the Joint Legislative Committee on the Budget, or its successor. Provides for submission of the proposed amendment to the voters on Nov. 4, 2014. Effective July 1, 2016.

EXPENDITURES	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	SEE BELOW	SEE BELOW	SEE BELOW	\$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	\$0	\$0				\$0

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

EXPENDITURE EXPLANATION

The proposed Constitutional amendment prohibiting supplanting of SGF/dedicated funds by tuition/fee increases is unlikely to have a significant effect on governmental expenditures. Higher education budgets over the last few years have included explicit means of finance substitutions (MOF swaps) of SGF with anticipated increases in tuition at public colleges/universities due to the LA GRAD Act. The proposed Constitutional amendment would prohibit such explicit MOF swaps that replace SGF/dedicated funds with anticipated increases from tuition/mandatory fees. Tuition and mandatory fees may increase from one year to the next due to enrollment increases and not necessarily from increases in such fees per student. To the extent there are statewide reductions in SGF, it may not be evident that increases in tuition and mandatory fees are being used to supplant or replace SGF for higher education. However, section (B)(2) limits reductions in funding for higher education because appropriations from SGF/dedicated funds for higher education in FY17 and thereafter shall not be less than the amount of \$1.119B appropriated from these sources in FY14 unless approved by a 2/3 vote of the Legislature or JLCB.

Section (B)(2) in the proposed Constitutional amendment may limit the flexibility of the Legislature to reduce SGF/dedicated funding for higher education in FY17 and thereafter. If approved by voters, the effective date of the proposed Constitutional amendment is July 1, 2016, and would impact FY17 and thereafter. Section (B)(2) in the proposed amendment establishes a minimum appropriation level for higher education based on higher education's FY14 appropriations for SGF/dedicated funds that cannot be diminished in FY17 or thereafter without a 2/3 vote of the Legislature or JLCB. The FY14 higher education appropriation amount that would establish a minimum funding level in FY17 and thereafter is \$1.119B, and includes \$594.7M SGF and \$524.8M in ST DED. ST DED funds include the following: Overcollections Fund (\$339.6M), TOPS Fund (\$141.7M), SELF Fund (42.8M), La. Quality Ed. Support Fund 8(g) (\$27.2M), Tobacco Tax Health Care Fund (\$26.3M), Workforce Training Rapid Response Fund (\$10M), and eleven smaller funds (\$7.1M).

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

There is no anticipated direct material effect on governmental revenues as a result of this measure. The proposed Constitutional amendment's requirements only apply in fiscal years in which fees and self-generated revenues appropriated for higher education from tuition and mandatory fees are greater than such appropriations from the prior fiscal year.

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