

**LEGISLATIVE FISCAL OFFICE**

**Fiscal Note**



Fiscal Note On: **HB 129** HLS 15RS 635  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 28, 2015 2:59 PM	<b>Author:</b> JEFFERSON
<b>Dept./Agy.:</b> Higher Education	<b>Analyst:</b> Charley Rome
<b>Subject:</b> Lower Nonresident Tuition/Fees for Public HBCUs in La.	

STUDENT/TUITION OR SEE FISC NOTE SG RV Page 1 of 1  
 Provides relative to nonresident tuition and fees for certain public institutions of higher education

The proposed legislation eliminates a LA GRAD Act requirement that nonresident tuition at Louisiana public historically black colleges and universities (HBCUs) be equal to or greater than the average tuition charged to Louisiana residents attending public HBCUs in the Southern Regional Education Board (SREB) states. Instead, for undergraduate tuition and fee amounts applicable to LA GRAD Act performance agreements entered into by HBCUs in the state after August 1, 2015, the bill requires that undergraduate nonresident tuition and fees shall not be less than the average tuition and fees charges to undergraduate resident students at the same institution. The bills also states that the Southern Board of Supervisors and Board of Trustees for State Colleges and Universities (should be Board of Supervisors for the University of Louisiana System) may reduce undergraduate tuition and fees for nonresidents to an amount not less than the average for resident undergraduate students.

EXPENDITURES	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>5 -YEAR TOTAL</u>
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>

  

REVENUES	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	SEE BELOW					
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 bill's revenue impact depends on interpretation of conflicting portions of the proposed legislation relative to the effective date. The portion of the bill affecting L.R.S. 17:3139.2 eliminates a LA GRAD Act requirement that nonresident tuition at Louisiana HBCUs be equal to or greater than the average tuition charged to Louisiana residents attending public HBCUs in the Southern Regional Education Board (SREB) states. Instead, for undergraduate tuition and fee amounts applicable to LA GRAD Act performance agreements entered into by HBCUs in the state after August 1, 2015, the bill requires that undergraduate nonresident tuition and fees shall not be less than the average tuition and fees charges to undergraduate resident students at the same institution. However, the current six-year LA GRAD Act performance agreements do not expire until the end of FY16, so HBCUs are unable to decrease nonresident tuition/fees until entering a new performance agreement in FY17 or thereafter. Furthermore, Louisiana's HBCUs are unlikely to sign subsequent LA GRAD Act agreements. As such, the proposed requirements under L.R.S. 17:3192.2(4)(c)(i) that nonresident tuition at Louisiana HBCUs be equal to or greater than the average tuition charged to Louisiana residents attending public HBCUs in the Southern Regional Education Board (SREB) in current law are likely to remain in effect indefinitely, and conflict with authority of management boards in the bill to reduce nonresident tuition (L.R.S. 17:3351(5)(b)(i)(bb)) that would be effective August 1.

However, it appears that the intent of the bill is to allow Louisiana public HBCUs to lower undergraduate nonresident fees to an amount not less than the average charged to undergraduate resident students at the same institution. If so, the Southern University Board of Supervisors (BOS) reports they may reduce institutional tuition/fee amounts for targeted populations of nonresident undergraduate students. However, the overall impact on nonresident enrollment and student fees is indeterminable at this time according to the Southern BOS. The UL Board of Supervisors (BOS) anticipates waiving all nonresident fees for Grambling, and projects that enrollment will correspondingly increase by an estimated 300 students. Grambling projects that revenues from the 300 new students will total approximately \$3.7M per year. However, Grambling also anticipates losing the nonresident fees from approximately 150 existing students from other states, decreasing revenues by approximately \$1.4M. As such, Grambling estimates that overall revenues will increase by approximately \$2.3M per year (\$3.7M for 300 new students - \$1.4M loss of existing nonresident fees for 150 existing students = \$2.3M).

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|---|--|--|
| <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)(1) >= \$100,000 SGF Fiscal Cost {H & S}                    | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & 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} |  |

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