

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 121** HLS 19RS 9

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 9, 2019	1:50 PM	Author: FALCONER
Dept./Agy.: Higher Education/Attorney General		Analyst: Ryan Guidry
Subject: Fee balance forgiveness		

COLLEGES/UNIVERSITIES OR DECREASE SG RV See Note Page 1 of 1

Requires public postsecondary education management boards to establish policies for forgiveness of unpaid student tuition and fees of certain students who have resigned and seek reenrollment
Present law establishes the policy of this state to aggressively pursue the collection of accounts or claims due and payable to the state through all reasonable means. All debts owed to the state shall be referred to either the attorney general's office or to the office of debt recovery for collection.

Proposed law requires each public postsecondary education management board to develop waiver policies for students with outstanding tuition and fees who withdraw from and reenroll in an institution. The proposed law is eligible to students at least 25 years old; that have withdrawn from an institution at least 3 years prior to seeking reenrollment; and are attempting to return to continue undergraduate coursework. Proposed law requires each board to notify the office of the attorney general to cease attempts at debt collection when a student's outstanding tuition and fees are waived.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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

Proposed law will have a nominal impact on state expenditures. Postsecondary institutions will likely incur one-time system modifications and programming costs for implementation of the waiver process. However, these expenditures are anticipated to be absorbed utilizing existing staff and resources.

Additionally, there would be an unknown impact related to the court costs associated with some of the outstanding higher education debts. Proposed law provides for a waiver of tuition and fees but does not address associated court costs. The Office of the Attorney General (AG) indicates 5,200 higher education debt cases are in some stage of litigation and have associated court costs, but whether the student, the institution, or the AG would be responsible for payment of these costs following a waiver is unknown.

REVENUE EXPLANATION

Proposed law may decrease SGR for public postsecondary institutions and the AG by an indeterminable amount as a result of waiving outstanding tuition and fees owed to the university. Proposed law is only applicable to undergraduate students twenty-five (25) years of age or older that have withdrawn from an institution at least three years prior to seeking reenrollment.

The AG reports that there are 35,600 outstanding higher education debts for which students may qualify for a waiver, totaling \$57 M. However, the number of students that would take advantage of the waiver is unknown and the amount of debt owed by each student can vary; therefore, the revenue decrease is indeterminable. To the extent that an eligible student elects to utilize the waiver, SGR will decrease for an institution by the amount of tuition and fees owed by the student. Additionally, the AG receives a collection fee in addition to the debt owed to the postsecondary institutions. To the extent an eligible student elects to utilize the waiver, SGR will decrease for the AG.

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

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