

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 499** HLS 22RS 1044

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 24, 2022	9:26 AM	Author: AMEDEE
Dept./Agy.: Higher Education		Analyst: Tim Mathis
Subject: Tuition Exemption for Persons Over Fifty-Five		

FUNDS/FUNDING RE -\$2,000,000 GF RV See Note Page 1 of 2
Creates a fund for the purpose of funding tuition exemptions and reduction of textbook costs for persons who are age fifty-five or older

Present law exempts any person age fifty-five years or over from tuition and fees, and grants them a 50% reduction on textbook costs at public postsecondary education institutions. This exemption shall be provided only if and to the extent that there are sufficient funds appropriated by the legislature to reimburse the institution granting them.

Proposed law creates the "Pursuing Rewarding, Innovative, and Meaningful Education (PRIME) Fund as a special fund within the state treasury to fund the exemption in current law, and directs the state treasurer to deposit into the fund, beginning July 1, 2023 and on July 1st each year thereafter, an amount sufficient to bring the unencumbered balance to \$2 M. Provides for administration by the Board of Regents.

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$0	DECREASE	DECREASE	DECREASE	DECREASE	\$0
Agy. Self-Gen.	\$0	DECREASE	DECREASE	DECREASE	DECREASE	\$0
Ded./Other	\$0	INCREASE	INCREASE	INCREASE	INCREASE	\$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>	\$0
Annual Total	\$0					\$0

REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$0	(\$2,000,000)	DECREASE	DECREASE	DECREASE	(\$2,000,000)
Agy. Self-Gen.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Ded./Other	\$0	\$2,000,000	INCREASE	INCREASE	INCREASE	\$2,000,000
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>	\$0
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

There will be increased statutory dedications expenditures out of the newly created Pursuing Rewarding, Innovative, and Meaningful Education (PRIME) Fund. Actual statutory dedications expenditures are indeterminable and will vary based on the number of eligible students and the number of courses taken per student. Costs for exemptions which are currently being absorbed by institutions through a combination of SGF and SGR will be reduced by any distributions received through the PRIME Fund.

Disbursements from the PRIME Fund are limited to \$200 per credit hour (equivalent to \$600 for a typical three-hour course). however, it is unknown to what extent the disbursement rate will equal the costs for institutions that provide tuition and fee exemptions. For illustrative purposes, the Board of Regents reports that institutions are currently providing \$1.6 M in tuition and fee exemptions for 511 students age 55 and older. If those students take an average of two courses, disbursements would total \$613,200 (\$600/course x 2 courses x 511 students); if students take an average of three courses, disbursements would total \$919,800.

EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

Although not an appropriation instrument, the proposed legislation directs the state treasurer to deposit up to \$2 M into the newly created PRIME Fund, beginning July 1, 2023 and on July 1 each year thereafter. Requires deposits sufficient to bring the unencumbered balance in the fund to \$2 M; therefore, the amount needed in FY 24 is \$2 M and will vary thereafter depending on expenditures from the fund.

Statutory dedications revenues from the PRIME Fund will increase in FY 24 by \$2 M as a result of this deposit and will vary thereafter. To the extent distributions are made from the fund, public postsecondary institutions will experience increased statutory dedications revenues, and may experience reduced self-generated revenues to the extent additional students enroll and receive the exemption.

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}

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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

Creating a new statutory dedication within the state treasury will result in a marginal workload increase for the Department of Treasury, which can generally be absorbed within existing resources. However, to the extent other legislative instruments create new statutory dedications, there may be material additional costs associated with the aggregate effort to administer these funds. The Treasury performs fund accounting, financial reporting, banking and other custodial functions for 436 special funds. When unable to absorb additional workload with existing resources, the Treasury anticipates it will be required to add one T.O. position at a total personnel services cost of approximately \$73,000, plus approximately \$2,450 for a one-time purchase of office equipment. These expenditures are assumed to be SGF in this fiscal note.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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