

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 194** HLS 13RS 672

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 6, 2013	3:42 PM	Author: LEGER
Dept./Agy.: Higher Education		Analyst: Charley Rome
Subject: Authorizes Tuition/Mandatory Fee Increases		

STUDENT/TUITION

EG INCREASE SG RV See Note

Page 1 of 2

Provides relative to the authority of public postsecondary education management boards to increase tuition and mandatory fee amounts

Proposed law authorizes the LSU board of supervisors, the SU board of supervisors, the University of La. board of supervisors, and the Board of Supervisors of Community and Technical Colleges to increase the tuition and mandatory fee amounts applicable to resident students in accordance with the tuition policy established and implemented by the Board of Regents and approved by the Legislature. Provides that tuition and fee increases shall be effective at such institutions as may be provided by the Board of Regents policy approved by the Legislature. Additionally authorizes the management boards to provide for the uniform imposition of tuition and mandatory fee amounts on a per-credit-hour basis and appropriate amounts for summer and intercession terms. Requires management board to establish criteria for tuition/fee waivers in cases of financial hardship. The bill states that passage of the proposed law constitutes legislative approval of the tuition policy adopted by the Board of Regents on Apr. 25, 2012 and presented to the legislature granting approval for further tuition increases without additional Legislative approval. **(Bill Summary Continued on Page Two)**

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
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	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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

State general fund expenditures for TOPS awards will increase if tuition and mandatory fees increase per the proposed legislation. 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 amount tuition/fees may increase per this constitutional amendment compared to current authority under the Grad Act is indeterminable. However, the Louisiana Office of Student Financial Assistance (LOSFA) estimates that TOPS award expenditures will increase by approximately \$1.7M per year for each 1% increase in tuition/mandatory fees. Increases in TOPS awards will be less if institutions are unable to raise tuition and mandatory fees due to failure to meet the outcome-based performance standards recommended by the Task Force created by SB 117 and implemented by the Board of Regents outcome-based funding formula.

The Board of Regents Resident Tuition Policy and the proposed legislation authorizes proportional increases in tuition and mandatory fees based on credit hours taken above the current full time undergraduate enrollment of 12 hours per semester. As such, tuition/fee revenues may increase further due to authority to charge proportional tuition/fee increases above the current undergraduate full time enrollment of 12 hours per semester. **(Expenditure Explanation continued on Page Two)**

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 bill. 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 amount tuition may increase per this constitutional amendment compared to current authority under the Grad Act is indeterminable.

Beginning with the 2015-2016 academic year, the bill requires that the authority to raise tuition applies only to institutions that fully achieve the performance metrics in conformity with the outcomes-based funding formula developed by the Board of Regents according to SB 117 of the 2013 Regular Session. There is no way to anticipate the performance metrics that the Outcome Based Task Force (created by SB 117) will recommend to the Board of Regents. Furthermore, there is no way to anticipate the outcome-based funding formula that Regents will develop based on the Task Force recommendations. However, potential increases in tuition and fees will be less for colleges and universities that do not meet the performance requirements recommended by the Task Force and implemented in the Board of Regents funding formula.

(Revenue Explanation continued on Page Two)

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S}
<input checked="" 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}

Evan Brasseaux

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Staff Director

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CONTINUED EXPLANATION from page one:

(Bill Summary Continued from Page One)

Beginning with the 2015-2016 academic year, the bill requires that the authority to raise tuition applies only to institutions that fully achieve the performance metrics in conformity with the outcomes-based funding formula developed by the Board of Regents according to SB 117 of the 2013 Regular Session. If SB 117 of the 2013 Regular Session is not enacted into law, or is vetoed by the governor, or if the Board of Regents fails to develop the outcomes-based funding formula as provided in SB 117, proposed law shall be null, void, and of no effect. The bill requires that each management board reserve and use at least 10% of the amount derived from the increases in tuition and mandatory fees to provide assistance to students with demonstrated financial need. The bill requires that additional revenue from the tuition or mandatory fee increase not displace, replace, or supplant any funding for postsecondary education as required by the state constitution or any other laws of the state. Effective upon governor's signature.

(Expenditure Explanation continued from Page One)

However, proportional tuition/fee increases above 12 hours per semester for undergraduate students should not increase TOPS costs because the Board of Regents Tuition Policy states that TOPS students will receive an institutional scholarship equal to the amount of tuition/fee charged for more than 12 hours per semester.

The Board of Regents Resident Tuition Policy and the proposed legislation by reference to Regents' Resident Tuition Policy authorizes differentiated tuition and fee schedules for high cost academic programs. State general fund expenditures for TOPS awards may increase due to increases in the undergraduate tuition and mandatory fees for high cost academic programs. There is no way to estimate the impact on TOPS awards due to tuition/fee increases attributable to charging higher tuition/fees for high cost academic programs.

(Revenue Explanation continued from Page One)

The bill does not include statutory limitations on the amounts of tuition increases. However, public undergraduate tuition and mandatory fees in Louisiana would need to increase approximately 31% to reach the SREB median based on SREB data from 2011-2012. Based on the same SREB data from 2011-2012, a 1% increase in tuition and mandatory fees will increase self-generated revenues by approximately \$7.9M per year excluding reductions of at least 10% for financial waivers and hardships required by the bill. Louisiana public colleges and universities would increase self-generated revenues from tuition and mandatory fees by approximately \$245M per year if raised to the SREB median based on data from 2011-2012. However, higher education institutions will net 90% of new revenue at most, with the remaining 10% or more going to students with financial waivers and hardships.

The Board of Regents Resident Tuition Policy and the proposed legislation authorizes proportional increases in tuition and mandatory fees based on credit hours taken above the current full time undergraduate enrollment of 12 hours per semester. As such, tuition revenues may also increase due to authority to charge proportional tuition/fee increases above the current full time enrollment of 12 hours per semester. The Fiscal Note for HB 448 of the 2011 Regular Session estimated an increase of \$82M in tuition and mandatory fees by increasing full-time undergraduate enrollment from 12 hours currently to 15 hours. The tuition/fee increases that might be attributable to additional credit hour charges for undergraduate enrollments that exceed 12 hours is indeterminable. The Board of Regents Resident Tuition Policy states that TOPS students will receive an institutional scholarship equal to the amount of tuition/fee charged for more than 12 hours per semester. As such, tuition/fee increases from proportional charges over 12 hours will not be collected for TOPS students by colleges and universities per the Board of Regents Tuition Policy.

The Board of Regents Resident Tuition Policy and the proposed legislation by reference to Regents' Resident Tuition Policy authorizes differentiated tuition and fee schedules for high cost academic programs. Undergraduate tuition and mandatory fees may increase if institutions charge higher tuition and mandatory fees for high cost academic programs. Tuition/fee increases attributable to charging higher tuition/fees for high cost academic programs are indeterminable because it is unclear which academic programs would be affected and the amounts of increases per program are indeterminable.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S}
<input checked="" 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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