

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 152** HLS 15RS 754

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 27, 2015	2:11 PM	<b>Author:</b> BROADWATER
<b>Dept./Agy.:</b> Higher Education		
<b>Subject:</b> Authorizes Management Boards to Establish/Modify Fees		<b>Analyst:</b> Charley Rome

STUDENT/TUITION

RE INCREASE SG RV See Note

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Provides relative to mandatory fees charged to students at public postsecondary education institutions

Proposed law authorizes the higher education management boards to establish/modify fees at institutions under their management and supervision. Provides that such authority specifically includes authority to impose per credit and differential fees for certain programs and to charge proportional amounts for part-time students and summer sessions. Such authority shall apply for the 2015-2016 and 2016-2017 academic years only, and shall terminate on June 30, 2017. Present law, the GRAD Act, authorizes specific tuition and fee increases at public postsecondary education institutions contingent on those institutions meeting performance goals established by agreement with the Board of Regents. Revenues per full time equivalent student from all tuition/fee amounts and state revenues shall not exceed the national averages and amounts as reported by the National Center for Education Statistics. Proposed law provides that the authority to establish and modify fees as authorized by proposed law is not subject to such contingencies. Proposed law requires each institution to allocate not less than 5% of additional revenues realized pursuant to proposed law to provide need-based financial assistance to students who are eligible to receive a Pell Grant. The bill states that no revenues generated by fees imposed per the proposed legislation shall be used for any other purpose except for support of the university at which the fees were collected. Effective upon governor's signature.

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

  

<b>REVENUES</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	INCREASE	INCREASE	\$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>

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure. According to the Office of Student Financial Assistance, TOPS award amounts are based on approved tuition charges at institutions and do not include mandatory fees. As such, increases in mandatory fees authorized by the proposed legislation will have no impact on TOPS expenditures.

**REVENUE EXPLANATION**

Self-generated revenues from mandatory fees will likely increase in FY16 and FY17 to the extent that management boards approve increases as authorized by the proposed legislation. The bill specifies that revenues per full time equivalent student from all tuition/fee amounts and state revenues shall not exceed the national averages and amounts as reported by the National Center for Education Statistics. However, public colleges and universities face market factors that affect their ability to raise fees per authority granted by the bill. Some institutions have seen enrollment declines as tuition goes up, decreasing overall revenues from students. Other institutions may choose not to impose significant increases in order to maintain access for low-income students. Actual collections of mandatory fees may also be reduced by hardship waivers, fee exemptions or other forms of student aid.

According to the Board or Regents, each of the following types of public institutions in the state had the following average annual tuition/mandatory fee amounts in FY15: 2-year schools (\$3,425), 4-year schools (\$6,900), and graduate programs (\$7,500). Regents also reported the following number of full-time equivalent (FTE) students attended the following types of public institution in the state in FY14 (latest information currently available): 2-year schools (47,520 students), 4-year schools (101,715 students), and graduate programs (15,810 students). Using these average tuition/mandatory fee amounts and FTE counts, a 1% increase would generate approximately \$9.8M in additional revenues; before reductions for hardship waivers, fee exemptions or other forms of student aid. This estimate is to illustrate the general magnitude of potential fee

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|--|--|--------------------------------|--|
| <input type="checkbox"/> Senate  | <input type="checkbox"/> Dual Referral Rules | <input type="checkbox"/> House | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}                    |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}                  |  |                                | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & 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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