

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 87** HLS 13RS 571

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 29, 2013 6:40 PM	Author: CARMODY
Dept./Agy.: Higher Education	Analyst: Charley Rome
Subject: Exempts Higher Ed from 2/3 Vote for Tuition Increases	

STUDENT/TUITION OR INCREASE SG RV See Note Page 1 of 1
 (Constitutional Amendment) Exempts public postsecondary education tuition and fees from requirements for imposing a new or increasing an existing fee
 Present constitution provides that any new fee or civil fine or increase in an existing fee or civil fine imposed by any board, department, or agency of the state shall require the enactment of a law by 2/3 vote of the elected members of each house of the legislature. Proposed constitutional amendment provides that this requirement shall not apply to tuition or fees imposed by a public postsecondary education management board. Provides for submission of the proposed amendment to the voters at the statewide election to be held Nov. 4, 2014.

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

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.	\$0	INCREASE	INCREASE	INCREASE	INCREASE	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

State general fund expenditures for TOPS awards will increase if tuition and mandatory fees increase per the proposed constitutional amendment. 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. How much 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.

The proposed bill provides that the constitutional amendment be submitted to voters at the November 4, 2014 election. The November 4, 2014 election is a statewide election, when all precincts in the state are scheduled to be opened. As a regular practice, the Secretary of State budgets for up to 10 constitutional amendments for the fall statewide elections.

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 proposed constitutional amendment. 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.

The proposed constitutional amendment does not include 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 \$7M per year excluding reductions of approximately 20% for financial waivers and hardships. Louisiana public colleges and universities would increase self-generated revenues from tuition and mandatory fees by approximately \$215M per year if raised to the SREB median based on data from 2011-2012. However, higher education institutions will net only 80% of new revenue on average, with the remaining 20% going to students with financial waivers and hardships.

<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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