

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 343** SLS 14RS 572

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 13, 2014	6:55 PM	Author: DONAHUE
Dept./Agy.: Higher Education		
Subject: Authorizes Management Boards to Establish Tuition/Fees		Analyst: Charley Rome

TUITION EG INCREASE SG RV See Note Page 1 of 1
 Constitutional amendment to authorize the postsecondary education management boards to establish tuition and fee amounts charged by institutions under their supervision and management. (2/3-CA13sl(A))
 Proposed constitutional amendment provides that each constitutionally created postsecondary education management board shall have the authority to establish the tuition and fee amounts charged by institutions under their supervision and management, without legislative approval. This proposed amendment is contingent upon passage of Senate Bill No. 340 of the 2014 Regular Session. SB 340 caps TOPS awards to the amounts for the 2014-2015 award year, and authorizes LOSFA to consider adjustments to award amounts with changes in the Consumer Price Index and recommend any such adjustments to the legislature for approval during legislative sessions held in odd-numbered years.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	2014-15	2015-16	2016-17	2017-18	2018-19	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

The proposed Constitutional amendment will not result in an increase in TOPS expenditures because the amendment will not be enacted without passage of SB 340 that caps TOPS awards and authorizes award adjustments based on the consumer price index.

There will be no impact on expenditures for the Secretary of State from the proposed Constitutional amendment. 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 proposed Constitutional amendment will allow management boards to authorize institutional tuition/fee increases greater than the 10% allowed per year by the Grad Act. As such, tuition and fee amounts may increase more after passage of the proposed Constitutional amendment than allowed under current law. However, some institutions face affordability issues among students and may not be able to raise tuition/fees due to market/affordability factors. The extent to which tuition and fees may increase per this Constitutional amendment compared to current authority under the Grad Act and market/affordability factors is indeterminable.

- | | | | |
|--|----------------------------|--------------|---|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <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 State Rev. Reduc. {H & S} |
| <input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | | <input checked="" type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

Evan Brasseaux
Evan Brasseaux
Staff Director