

**LEGISLATIVE FISCAL OFFICE
Fiscal Note**



Fiscal Note On: **SB 148** SLS 21RS 52
 Bill Text Version: **RE-REENGROSSED**
 Opp. Chamb. Action: **w/ HSE COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: May 25, 2021 9:47 AM	Author: CORTEZ
Dept./Agy.: Office of Student Financial Assistance (OSFA)	Analyst: Tim Mathis
Subject: Postsecondary Financial Assistance	

COLLEGES/UNIVERSITIES RR1 INCREASE GF EX See Note Page 1 of 2
 Establishes the M.J. Foster Promise Program. (gov sig)

Proposed law establishes the "M.J. Foster Promise Program" beginning with the 2022-2023 academic year to provide a financial assistance award to an eligible student who enrolls in a qualified program at a two-year public post-secondary education institution or an accredited proprietary school to pursue an associate degree or credential needed for a high-demand, high-wage occupation. Provides awards up to \$3,200 per year per recipient enrolled full-time in a two-year institution, applicable only to tuition and required fees. Awards may exceed annual amount if used for a qualified program that is less than one year of duration. Total awards are limited to \$6,400. Award applicable only after all other financial aid and awards are applied and only for remaining balance due for tuition and required fees; however, an eligible student who qualifies for both a Foster award and a TOPS award shall receive the highest award available. **(Bill summary continued on page two)**

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$46,000	INCREASE	INCREASE	INCREASE	INCREASE	\$46,000
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>	\$0
Annual Total	\$46,000					\$46,000

REVENUES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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>	\$0
Annual Total						

EXPENDITURE EXPLANATION

There will be a significant increase in the expenditures of the Office of Student Financial Assistance (OSFA) to fund awards for eligible students and for program administration. Proposed law limits program implementation to the appropriation of funds by the Legislature, not to exceed \$10.5 M annually; LFO assumes such costs would be funded with SGF. OSFA estimates first year implementation costs of \$46,000 and \$66,200 general administrative expenditures thereafter (see pg 2).

Proposed law would provide eligible students enrolled in qualified programs at a two-year public post-secondary institution, up to \$3,200 per year for full-time students, or proportionate to the number of hours taken for part-time students, not to exceed \$6,400. Awards for qualified programs less than one year may be greater than \$3,200, but may not exceed \$6,400. An appropriation of \$10 M would fund maximum awards for up to 3,125 full-time students at public institutions and \$500,000 would fund maximum awards for 156 students at proprietary schools. Actual program costs will depend on the number of students that meet the eligibility criteria, the limitation of awards to tuition and fee balance after other forms of financial aid have been utilized, and the availability and cost of qualified programs, however this is indeterminable. Because awards would be limited to the remaining balance of tuition and required fees after all other financial aid and awards are applied, the program is likely to serve a greater number of students with awards less than the \$3,200 maximum award level. **(Expenditure explanation continued on page two)**

REVENUE EXPLANATION

There will be an indeterminable impact to SGR for the Louisiana Community and Technical College System (LCTCS) and other two-year institutions. Institutions will experience an increase in SGR to the extent the proposed award results in a net increase in student enrollment; however awards may supplant existing funds if awarded to current students. For illustrative purposes, the combined tuition and fees for current full-time students pursuing an associates degree averages \$4,178 per semester. Although there is no statewide tuition and fee schedule for non-credit courses, the average tuition for the Reboot Louisiana short-term training program is \$2,035.

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}

Alan M. Boxberger
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Staff Director

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CONTINUED EXPLANATION from page one:
(Bill summary continued from page one)

Requires Board of Regents (BOR) to establish an advisory council to identify qualified programs, to consider programs aligned with industry sectors with high-demand, high-wage jobs aligned with workforce priorities of state and regions.

Eligible students must: be at least: 21 years old; have earned a high school diploma or co-enrolled in a program to earn a high school credential; be a U.S. citizen, a resident of LA for prior 24 months, or be a veteran of U.S. armed forces, a spouse, or dependent child of a resident or nonresident active duty; and have not previously earned an undergraduate degree at associate level or above.

Proposed law further requires eligible students to: have received an honorable discharge or discharge under honorable conditions if served in U.S. armed forces; have applied for federal student aid unless ineligible; provide administering agency permission to collect employment information; agree to reside and work full-time in LA for at least one year after completion of last semester in which award is provided; agree to annually perform, during each year award received, at least 20 hours community service, apprenticeship, internship, or mentorship related to the qualified program; and have a family income no greater than 300% of the federal poverty guideline or to certify unemployment or underemployment for at least six months prior to receiving award. Maintaining eligibility requires students to: make steady academic progress; remain in good academic standing; maintain continuous enrollment; maintain cumulative grade point average of at least a 2.0; have received an honorable discharge or general discharge if separated from the U.S. armed forces during award; have received the award for no more than three consecutive academic years; have not used the award for more than 60 hours of academic credit; certify completion of requirements for community service, apprenticeship, internship, or mentorship.

Provides for the Board of Regents through the Office of Student Financial Assistance (OSFA) to administer the program. Funding provisions would allow administering agency to see, accept, and expend funds from any source. Prioritizes awards for students by order of application received and those who previously received an award. Implementation of program subject to appropriation of funds by the legislature, not to exceed \$10 M annually for public institutions and \$500,000 for proprietary schools. Requires OSFA to establish a working group comprised of certain state agencies and other stakeholders. Requires administering agency to enter into a memorandum of understanding with the LA Department of Revenue and the LA Workforce Commission to share taxpayer information for purposes of generating data related to the success of award recipients in the workforce. Requires administering agency to develop and implement a uniform information reporting system comprised of the following: data on all award recipients' length of time to complete a qualified program, demographic information, and pre- and post-award employment information. Requires administering agency to conduct a query of each first-time award recipient to determine the extent receiving the award influenced their decision to enroll and a written report to the House and Senate Committees on Education. Requires BOR to establish an advisory council to identify qualified programs in which an eligible student may enroll to receive an award, and provides for membership.

(Expenditure explanation continued from page one)

Out of the 45,700 students age 21 years and older that are currently enrolled in Louisiana Community and Technical College System (LCTCS) institutions, for example, approximately 32,900 (72%) receive federal financial aid (including Pell Grants), 7,300 (16%) receive state financial aid (such as TOPS or Go Grants), 5,400 (12%) receive external scholarships, and 1,800 (4%) receive institutional aid. It is unknown how many students receive a combination of such financial aid.

It is unknown how many current and potential students would be eligible for the awards, based on the eligibility criteria in the proposed bill. According to the LCTCS, there are 45,700 students age 21 and older currently enrolled in two-year institutions; however it is not known how many of these students' family incomes fall below the 300% federal poverty threshold for award eligibility. Additionally, the number of individuals not currently attending two-year institutions but potentially eligible for awards could be significant. According to the U.S. Census Bureau, the highest level of education for approximately 1.7 M Louisiana residents age 25 years and over was either a high school diploma or some college, but no degree. It is unknown how many of the estimated 441,000 residents with less than a high school diploma would be eligible as a result of enrolling in a qualified program to earn a high school credential.

Although it is unknown what quality programs will be designated by the advisory council as eligible for the proposed award, it is likely to include existing associates degree and short-term credential programs aligned with high-demand, high-wage jobs. Public institutions may experience increased costs to the extent the program leads to additional demand for certain programs, however this is indeterminable. There are 154 proprietary schools licensed by the Board of Regents.

OSFA estimates increased costs of approximately \$46,000 in the first year of implementation and \$66,200 thereafter. This includes \$63,700 for one additional position in the Scholarship/Grants Division to coordinate the program (\$45,000 salary and \$18,700 in related benefits); costs are prorated in year one due to the position beginning six-months prior to FY 23 program implementation. Operating expenses include \$14,100 in year one for costs associated with rulemaking, informational publications, computer equipment, and supplies, with approximately \$2,500 for operating expenses in subsequent years. Per the Board of Regents, there will be increased costs associated with the preparation of the annual report and programming changes for the uniform reporting system, however such costs are anticipated to be minimal.

Senate Dual Referral Rules

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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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