

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



Fiscal Note On: **HB 194** HLS 17RS 772  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 6, 2017	10:13 AM	<b>Author:</b> REYNOLDS
<b>Dept./Agy.:</b> Office of Student Financial Assistance		<b>Analyst:</b> Willis Brewer
<b>Subject:</b> TOPS Eligibility		

STUDENT/LOANS-SCHOLARSHIP OR DECREASE GF EX See Note Page 1 of 1

Raises the minimum GPA required for initial eligibility for a Taylor Opportunity Program for Students (TOPS) Opportunity Award and provides for exceptions granted with respect to enrollment requirements for initial and continuing eligibility. Proposed law raises the minimum GPA requirement for initial eligibility for the Opportunity Award from 2.50 to 3.00 and is applicable to students graduating from high school during or after the 2020-2021 school year.

Proposed law retains present law and adds that: (1) The administering agency shall establish by rule a procedure for requesting an exception to present law requirements. (2) Specifies that the causes for which enrollment exceptions are granted include entry into the workforce. (3) Provides that the maximum length of an extension granted for entering the workforce is five years. Proposed law is applicable to students graduating from high school during or after the 2016-2017 school year.

EXPENDITURES	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	DECREASE	\$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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>

  

REVENUES	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

The proposed legislation is anticipated to result in a decrease in state general fund expenditures beginning in FY 22 as a result of increasing the minimum grade point average (GPA) from 2.50 to 3.00 in order to receive a Taylor Opportunity Program for Students (TOPS) Opportunity award. The proposed bill is applicable only to high school students graduating during or after the FY 21 school year therefore any potential savings will be realized in FY 22. The proposed law adds exceptions to the minimum initial and continuing requirements to allow students to enter the workforce, but retain eligibility up to five years. At this time, there is no data available that tracks how many initial (first time college freshman) or continuing TOPS recipients entered the workforce instead of attending an institution.

Using current student data, the Office of Student Financial Assistance estimates a FY 22 cost savings range from \$7 M - \$9.8 M. Based on data provided by OSFA, the LFO calculates a higher cost savings range from \$11.8 M - \$17 M. The cost savings range is a result of both OSFA and the LFO projecting these savings on currently appropriated dollars versus the projected need. Currently, TOPS is funded at \$209 M which is \$82 M less than the projected FY 17 TOPS amount (\$292 M). The minimum savings accounts for this shortfall while the maximum savings is based on TOPS being fully funded.

The significant difference in the analysis is that OSFA's projection assumes all students that fail to achieve the TOPS Opportunity Award will accept the TOPS Tech award. This increase in the TOPS Tech amounts partially offsets the potential TOPS Opportunity award savings. Another difference in the methodology is that the LFO projects the savings based on the total dollars spent by institution, by award type, and by student level while OSFA bases their projection on the number of freshman students that fail to achieve a 3.00 GPA and uses the average Opportunity and Tech award amounts. Based on data from OSFA, the LFO calculates the ten year (2007 - 2016) TOPS Tech acceptance rate at 21%. While some students may choose to accept the TOPS Tech award, the LFO cannot estimate the number of students which may do so, however, the number is anticipated to be negligible. Therefore, the LFO's calculation does not assume any students that fail to achieve the Opportunity award will accept a Tech award.

**However, both of these figures are based on current data and projections. These figures assume high school student progression and behavior will remain the same after the proposed legislation. To the extent students achieve better academic performance, these savings could be significantly reduced.**

**REVENUE EXPLANATION**

There is no anticipated direct material effect on governmental revenues as a result of this measure.

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}

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