

LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 68** HLS 24RS 361
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 10, 2024 5:07 PM	Author: GLORIOSO
Dept./Agy.: Higher Education, Board of Regents	Analyst: Chris Henry
Subject: TOPS Requirements	

TOPS OR INCREASE GF EX See Note Page 1 of 2
 Lowers the ACT score required for initial qualification for a Taylor Opportunity Program for Students award for students who complete approved home study programs
 Present Law requires students who complete an approved home study program to score at least two points higher on the ACT standardized test than typical students in order to qualify for a Taylor Opportunity Program for Students (TOPS) Performance or Honors award and one point higher to qualify for a TOPS-Tech or Opportunity award. Proposed legislation would remove this stipulation and add students who complete approved home study programs into the general student population with similar respective ACT score requirements to qualify for the varying TOPS award levels. Proposed law would be effective beginning with the 2024-25 academic year.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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						
REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

The proposed legislation will increase SGF costs for the TOPS Scholarship Program administered by the Office of Student Financial Assistance (LOSFA) resulting primarily from students qualifying for higher tier TOPS award levels and secondarily from the potential of added students that become eligible and choose to utilize a TOPS award. Based on the ACT scores and relative TOPS eligibility of home study students from the last five years averaged and factored against the average TOPS award amounts across institutions, it is possible these costs could be as much as \$125,856 should all students who qualify for eligibility choose to pursue a postsecondary degree and actually enroll at a Louisiana institution. However, the yield on eligible students who in turn actually choose to enroll and receive a TOPS award is on average 81.4%, based on the last five years of data. Considering this yield, the potential cost lowers to \$102,446. **The actual amount needed will vary from year-to-year based on the number of student awards, which institution the student enrolls, and the award levels qualified.** See page two for more detail on the calculations referenced above.

Current enrollment data shows K-12 students enrolled in approved home study programs trending higher over the last five years and will likely factor into the increased costs associated with the proposed legislation. For purposes of this fiscal note, a 4.53% increase in costs is factored into the year-over-year change, based on the average annual change in home study enrollment seen below.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	Avg.
Number Enrolled	13,708	13,672	15,107	16,134	16,317	17,049	15,656
Change previous year		-36	1,435	1,027	183	732	668
% change from prev. year		-0.26%	10.50%	6.80%	1.13%	4.49%	4.53%

Additional calculations continued on page 2.

REVENUE EXPLANATION

There will be an increase in SGR revenues at postsecondary institutions due to enrollment of additional students who now qualify for a TOPS award or a higher tier award as a result of this measure.

Senate	<u>Dual Referral Rules</u>	House
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input 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}

Patrice Thomas
 Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:

Continued expenditure explanation from page 1.

Average Number of Home Study Students Eligible for TOPS Awards 2018-19 through 2022-23:

Award Level	Currently Eligible	Projected Eligible	Difference
TOPS-Tech	48	18	-30
Opportunity	65	64	-1
Performance	84	99	15
Honors	67	84	17

Average Cost of Home Study Students Eligible for TOPS Awards 2018-19 through 2022-23:

Award Level	Currently Eligible	Projected Eligible	Difference
TOPS-Tech	\$128,525	\$47,997	(\$80,528)
Opportunity	\$350,542	\$346,228	(\$4,314)
Performance	\$508,562	\$601,798	\$93,236
Honors	\$462,939	\$580,401	\$117,462
Total	\$1,450,568	\$1,576,425	\$125,856

Home Study Students Processed by LOSFA for TOPS - Yield on Eligible Students:

	2018-19	2019-20	2020-21	2021-22	2022-23	Average
Processed	340	324	281	325	297	313
Eligible	290	284	228	258	266	265
Recipient	248	241	189	211	191	216
Yield on Eligible	85.5%	84.9%	82.9%	81.8%	71.8%	81.4%

Potential Impacts of HB 68 in Fiscal Year 2024-25:


	Avg. Increase in Costs	X	Avg. Yield on Eligibles	=	Potential Annual Cost
FY 2024-25	\$125,856		81.4%		\$102,447

Potential Impacts of HB 68 in Ensuing Fiscal Years factoring 4.53% Home Study Enrollment Growth:

	Prior Year Increase in Costs	X	Annual Home Study Enrollment Increase	=	Potential Annual Cost
FY 2025-26	\$102,447		4.53%		\$107,088
FY 2026-27	\$107,088		4.53%		\$111,939
FY 2027-28	\$111,939		4.53%		\$117,010
FY 2028-29	\$117,010		4.53%		\$122,310

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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