

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 520** SLS 14RS 821
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.: **REVISED**

Date: May 8, 2014 8:47 AM	Author: DONAHUE
Dept./Agy.: Office of Student Financial Assistance	Analyst: Charley Rome
Subject: Revises TOPS Requirements/Allocates Funding to Go Grants	

POSTSECONDARY ED EG -\$24,000,000 GF EX See Note Page 1 of 1

Revises academic requirements for initial eligibility to receive certain TOPS awards and allocates additional funding to the La. GO Grant program. (gov sig)

Effective for students who graduate from high school during the 2017-18 school year and thereafter, the proposed legislation increases the G.P.A. and ACT score requirements for initial TOPS awards. Specifically, the bill raises initial TOPS eligibility requirements by the following amounts for students graduating in 2017-18 and thereafter: Opportunity Awards (raises G.P. A. from 2.5 to 2.75 and raises minimum ACT score from 20 to 21), Performance Award (raises minimum ACT score from 23 to 25), and Honors Awards (raises minimum ACT score from 27 to 29). Beginning in FY19, the proposed legislation requires the Legislature to appropriate ten percent of the savings from raising the initial TOPS eligibility requirements for the purpose of increasing the number of students participating in the Louisiana GO Grant program. The bill also prohibits the Legislature from displacing, replacing, or supplanting GO Grant funding with savings from raising the TOPS initial eligibility requirements for the three most recent fiscal years.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	(\$24,000,000)	(\$24,000,000)
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	(\$24,000,000)	(\$24,000,000)

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.	\$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	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed legislation will decrease state general fund expenditures by an estimated \$24M in FY19. Savings will increase through FY22 as four years of students enter the program. This estimate is based on the following assumptions:

Award Type	# of Students Affected	(Savings)/Costs per Student	Total FY19 (Savings)/Costs
Honors	(1,827)	(\$400)	(\$730,800)
Performance	(3,158)	(\$400)	(\$1,263,200)
Opportunity	(3,662)	(\$7,117)	(\$26,062,454)
Tech	366	\$3,573	\$1,374,349
Total	(8,281)	(\$3,222)	(\$26,682,105)

The bill requires the Legislature to appropriate ten percent of the savings from raising the initial TOPS eligibility requirements for the purpose of increasing the number of students participating in the Louisiana GO Grant program. As such, the net cost savings in FY19 is \$24M in FY19 (\$26.7M total TOPS savings less 10% (\$2.7M) for GO Grants = \$24M).

LOSFA used difference calculations and assumptions to estimate the bill's fiscal impacts. The estimates above by the LFO assumed that impacts to Honors and Performance award recipients would only affect stipend amounts and would not result in changes in the underlying TOPS awards amounts for tuition. However, LOSFA's estimate recalculated underlying tuition amounts for Honors and Performance award recipients. The LFO did not use this method because the bill is unlikely to change the institutions where Honors and Performance award recipients enroll. Furthermore, LOSFA's estimate assumed that all students losing their Opportunity Awards will pursue occupational or certificate training with a TOPS Tech award. The LFO assumes that only 10% of students scoring 20 on the ACT will accept TOPS Tech awards because Tech awards do not cover tuition costs for academic degrees and only cover occupational and vocational training certificates and non-academic degrees. LOSFA's estimate resulted in a net savings of approximately \$14.8M in FY19, or approximately \$9.2M less than estimated by the LFO.

REVENUE EXPLANATION

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

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| Senate | Dual Referral Rules | House |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {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} | |

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