

**LEGISLATIVE FISCAL OFFICE
Fiscal Note**



Fiscal Note On: **SB 169** SLS 16RS 348
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

| | |
|---|-----------------------------------|
| Date: March 23, 2016 2:22 PM | Author: MORRISH |
| Dept./Agy.: Office of Student Financial Assistance | Analyst: Matthew LaBruyere |
| Subject: TOPS Eligible Institutions | |

TOPS OR DECREASE GF EX See Note Page 1 of 2
 Provides relative to postsecondary institutions eligible to participate in the TOPS programs. (gov sig)

Present law defines eligible colleges and universities as: 1) a public college or university in this state; 2) a regionally accredited independent college or university in the state that is a member of Louisiana Association of Independent Colleges and Universities (LAICU); 3) a specified out-of-state nonpublic college or university designed to accommodate deaf and hard-of-hearing students; 4) certain cosmetology schools; and 5) certain proprietary schools.

Proposed law deletes LAICU member colleges and universities, cosmetology schools, and proprietary schools from the definition of eligible college and university.

Proposed law provides a program award recipient enrolled in LAICU member colleges and universities, cosmetology, and proprietary schools in the 2016-2017 award year may use the remainder of his award eligibility, provided all program eligibility requirements are met.

Effective upon governor's signature.

| EXPENDITURES | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | DECREASE | DECREASE | DECREASE | 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> | \$0 |
| Annual Total | \$0 | | | | | \$0 |

| REVENUES | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | \$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 | \$0 | | | | | \$0 |

EXPENDITURE EXPLANATION

The proposed legislation will result in a decrease in state general fund expenditures as a result of removing independent colleges and universities, proprietary schools and cosmetology schools from the list of eligible colleges and universities participating in the TOPS program. The exact decrease is indeterminable since it is unknown how many students will attend nonpublic schools, how many will remain enrolled and what the award amounts will be. Students that are enrolled in the nonpublic schools during the 2016-2017 academic year will be allowed to continue receiving their award until eligibility is exhausted.

Students affected by this legislation receive either the TOPS Tech (2-Year awards) or TOPS academic awards (4-year awards Opportunity, Performance and Honors). Based on 3 year averages provided by the LA Office of Student Financial Assistance (LOSFA), an average of 230 students receive TOPS Tech awards to attend proprietary schools at an average total cost of \$252,565; 154 students receive TOPS academic awards to attend proprietary schools at an average total cost of \$177,643; and 3,435 students receive TOPS academic awards to attend independent colleges and universities for a total cost of \$15,910,890.

LOSFA anticipates a SGF savings in FY 19 and FY 20 of \$252,565 for students that no longer use TOPS Tech awards at nonpublic schools and a SGF savings of \$16.3 M in FY 21 for students that no longer use TOPS Tech and academic awards at nonpublic schools; resulting in a 3 year savings (FY 19 - FY 21) of \$16.8 M. LOSFA projections do not include annual incremental savings resulting from no new academic awards FY 18 through FY 20.

To the extent the 3 year average of students receiving TOPS awards attending nonpublic institutions and associated award amounts mentioned above remains static in FY 17, the Legislative Fiscal Office estimates a total potential savings of as much as \$44.9 M from FY 18 through FY 21.

As a result of the proposed legislation, beginning in FY 18 there will be no more new awards to nonpublic institutions. For illustrative purposes, the student cohort of 3,589 (3 year average) that begins in FY 17 will **(CONTINUED ON PAGE 2)**

REVENUE EXPLANATION

The proposed legislation may result in an increase in self-generated revenue for public institutions. As a result of removing nonpublic institutions from eligible institutions, students may choose to attend public institutions. To the extent students attend in public institutions instead of nonpublic institutions, the enrollment increase would result in more revenue for public institutions. The potential impact of this is indeterminable.

Senate Dual Referral Rules House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

**Evan Brasseaux
Staff Director**

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CONTINUED EXPLANATION from page one:

(CONTINUED EXPENDITURE EXPLANATION FROM PAGE 1)

decrease at a rate of 25% each year until there would be no more students attending nonpublic institutions who receive TOPS after four years. For the 230 students (3 year average) receiving the 2 year TOPS Tech awards the rate of decrease is 50%, with no recipients in FY 19 and thereafter.

Based on the annual reduction rate of 25% for TOPS awards and 50% for TOPS Tech awards, savings would accrue as follows:

| | |
|--------------------------------|-----------------|
| FY 18 - 1,021 fewer students = | \$ 4.1 M |
| FY 19 - 2,025 fewer students = | \$10.4 M |
| FY 20 - 2,922 fewer students = | \$14.1 M |
| FY 21 - 3,819 fewer students = | <u>\$16.3 M</u> |
| Total | \$44.9 M |

The savings cited above will be decreased to the extent any student receiving a TOPS award with the intention of attending a nonpublic institution decides to attend a public institution instead. It is unknown what percentage of students would choose to utilize the TOPS award at a public institution instead of attending a nonpublic institution at their own cost.

Savings will also be decreased based on the actual number of students receiving awards annually since each year's cohort does not contain the same percentage of students, however for the purposes of this analysis the percentage is evenly distributed (i.e. 25% annually). It is also possible that TOPS awards may still be used into FY 21 and subsequent fiscal years as a result of exceptions that students may be granted. These potential amounts are unknown.

Senate Dual Referral Rules House

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