

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



Fiscal Note On: **HB 279** HLS 16RS 650  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 4, 2016 8:26 AM	<b>Author:</b> BROADWATER
<b>Dept./Agy.:</b> Office of Student Financial Assistance	<b>Analyst:</b> Matthew LaBruyere
<b>Subject:</b> Differential TOPS Award Amounts	

STUDENT/LOANS-SCHOLARSHIP OR DECREASE GF EX See Note Page 1 of 2

Provides for differential Taylor Opportunity Program for Students award amounts for certain students based on their classification level

Present law provides, relative to award amounts for Opportunity, Performance, or Honors Awards, that at a La. public institution, the award amount is equal to the tuition charged by the institution, and at a La. nonpublic institution, the award amount is equal to the weighted average of amounts paid for students attending La. institutions that offer academic undergraduate degrees at the baccalaureate level. Proposed law retains present law for students graduating from high school prior to the 2019-2020 school year, but, applicable to students graduating during or after that school year, provides differential award amounts for freshmen and sophomores, as follows: 1) 80% of present law award amount for freshmen, 2) 90% of present law award amount for sophomores. Present law provides, relative to TOPS-Tech Award amounts, that at a public institution that does not offer an academic undergraduate degree at the baccalaureate level, the amount is equal to the tuition charged by the institution. For other eligible institutions, the amount is equal to the weighted average of amounts paid to students attending an eligible public institution that does not offer an academic **(CONTINUED ON PAGE 2)**

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
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	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	\$0	\$0	\$0	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>	<u>\$0</u>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>

**EXPENDITURE EXPLANATION**

The proposed legislation will result in a decrease in state general fund expenditures as a result of providing different TOPS award amounts based on student classification level. The exact impact is indeterminable because it is unknown how many students would defer the receipt of the award until the end of the award year, how many would meet the increased GPA requirement to receive the full award amount and how many fail to maintain award eligibility.

The LA Office of Student Financial Assistance projects that in FY 21 there will be 18,949 freshman receiving TOPS awards at a cost of \$107.6 M. The projected awards received by freshmen are as follows: Honors - 3,918 students; Performance - 5,602 students, Opportunity - 8,374 students; Tech - 1,055 students.

For analysis of this legislation certain assumptions were made. Students receiving Pell Grants would not defer receipt of the award. On average, 29.3% (5,541) of students receiving TOPS, receive Pell Grants. All 13,408 remaining students would defer award receipt until the end of the award year. Of those remaining students, based on the historical average, 570 students would not maintain eligibility and would not receive award payment. Based on data, 3,868 students who receive Opportunity or TOPS Tech awards and do not maintain a 3.0 GPA but maintain at least a 2.3 GPA would not receive 100% award payment but would receive 80% award payment.

For illustrative purposes, based on the assumption presented above, the potential savings to the state in FY 21 could be \$13.4 M. This savings could be reduced if students accept the reduced award at the beginning of the year and do not maintain eligibility and if more students maintain eligibility standards.

**NOTE:** The estimated savings is only based on incoming freshmen in FY 21 since LOSFA projections do not extend past the FY 21.

To the extent the savings of \$13.4 M illustrated above is achieved, 25% of that amount would be used for GO Grants. This would result in approximately \$3.4 M additional funding for Go Grants in FY 21.

**REVENUE EXPLANATION**

The proposed legislation may result in a decrease in self-generated revenue for public institutions. To the extent the student has to pay the fee bill at the beginning of the semester and be reimbursed with a TOPS award at the end of the year, the institutions will recognized a decrease. However, to the extent the TOPS payment would be paid to the institution at the end of the year and a student loses the award or received a lower amount, the institution would recognize a loss of SGR. This amount is indeterminable and would be determined during the rule-making process.

- |   |  |              |
|---|--|--------------|
| <u>Senate</u>   | <u>Dual Referral Rules</u>   | <u>House</u> |
| <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"/> 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} |              |

*Evan Brasseaux*  
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**Staff Director**

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**CONTINUED EXPLANATION from page one:**

Page 2 of 2

**Legislation Explanation from Page 1**

undergraduate degree at the baccalaureate level. Proposed law retains present law for students graduating from high school prior to the 2019-2020 school year, but, applicable to students graduating during or after that school year, provides differential award amounts for students who have completed fewer than 24 credit hours, as follows: 1) For students who have completed fewer than 12 credit hours, 80% of present law award amount; 2) For students who have completed at least 12 but fewer than 24 credit hours, 90% of present law award amount.

Proposed law, notwithstanding the differential award amounts provided in proposed law, grants freshman and sophomore recipients of Opportunity, Performance, or Honors Awards and TOPS-Tech recipients who have completed fewer than 24 hours the option of deferring receipt of their awards. If such a student maintains TOPS eligibility, the award amount shall be paid to him at the end of the award year, and the award amount shall be as follows: 1) If he maintains a 3.00 GPA, the amount shall be as otherwise provided in present law. 2) If he fails to maintain a 3.00 GPA, the amount shall be the percentage based on his classification as provided in proposed law. Proposed law further requires, beginning with the 2019 -2020 fiscal year, the legislature to appropriate 25% of any savings attributable to proposed law implementation for the purpose of increasing funding for the La. GO Grant program. Requires, beginning in 2019, the Legislative Fiscal Office annually to issue a fiscal and economic impact statement on Dec. 1st documenting the projected savings for the ensuing fiscal year. Requires the Legislative Fiscal Officer to forward this annual statement to the commissioner of administration for use in developing the budgets for TOPS and the La. GO Grant program. Provides that the monies appropriated for the La. GO Grant program pursuant to proposed law shall not displace, replace, or supplant the average amount of the monies appropriated for the program for the three most recent fiscal years.

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}

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