

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 470** SLS 16RS 1237

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action: **w/ HSE COMM AMD**

Proposed Amd.:

Sub. Bill For.: **SB 89**

| | | |
|---|---------|-----------------------------------|
| Date: May 15, 2016 | 2:58 PM | Author: MORRISH |
| Dept./Agy.: Office of Student Financial Assistance | | Analyst: Matthew LaBruyere |
| Subject: TOPS Awards | | |

TOPS RE1 SEE FISC NOTE GF EX See Note Page 1 of 2
Provides relative to reduction of TOPS award amounts or the number of TOPS recipients in the event of insufficient funding. (gov sig)

Present law provides that in the event the legislature fails to appropriate sufficient money to fund all awards made to students who qualify for a TOPS award, that the first cohort of students eliminated will be those who score lowest on the ACT. Further provides that within this cohort, those students whose families are most able to pay the student's tuition will be eliminated first. If funding is still insufficient after the elimination of all students in this cohort, this procedure will be repeated with each succeeding score cohort. Proposed law deletes present law. Proposed law provides that in the event the legislature fails to appropriate sufficient money to fund all awards made to students who qualify for a TOPS award, the administering agency shall equitably reduce the amount of all program awards, including the stipends for the Performance and Honors awards, by an equal percentage on a pro rata basis. Proposed law provides that if the number of students eligible to receive a TOPS award is reduced, postsecondary institutions may bill a student for the full amount of tuition established for the institution in which he is enrolled, unless the student is granted a tuition waiver. **(CONTINUED ON PAGE 2)**

| EXPENDITURES | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| 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> |
| Annual Total | | | | | | |

| 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. | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| 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> |
| Annual Total | | | | | | |

EXPENDITURE EXPLANATION

The proposed legislation will not have an impact on state general fund expenditures since the legislation changes the mechanism for determining which students will receive TOPS awards in the event of insufficient funding.

The LA Office of Student Financial Assistance projects that 51,776 students will be eligible to receive an award with a projected average award amount of \$5,718, for a total of \$296 M in FY 17. Under the proposed legislation all students will receive an award at an equally reduced amount if the program is not fully funded. Based on the projected TOPS funding of \$225.2 M for FY 17, the average award amount per recipient would be reduced to \$4,330.

The proposed legislation will allow a student to defer award benefits when there is a funding shortfall provided the student exhausts all unused award eligibility within 5 years of the initial award reduction. It is unknown how many students would defer award acceptance in FY 17. To the extent students defer accepting awards, the equitably reduced award amount for remaining participants would increase based on fewer students receiving the award.

REVENUE EXPLANATION

The proposed legislation allows the institution in which the TOPS recipient is enrolled to bill the student for the difference between the award and the tuition charged by the institution, unless a waiver is granted. Any impact on self-generated revenue is indeterminable since it unknown how many students will remain enrolled at the institution in FY 17 in the event the TOPS award is reduced. To the extent the number of students attending an institution remain static, the institutions will not recognize a decrease since the students would pay the tuition difference. However, in the event a student does not remain enrolled in the institution, the institution would recognize a decrease in revenue. In addition, if an institution grants a waiver, it would not receive the difference in tuition and the TOPS award amount.

Senate Dual Referral Rules House

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|---|--|
| <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

Evan Brasseaux
Staff Director

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CONTINUED EXPLANATION from page one:

LEGISLATION EXPLANATION CONTINUED FROM PAGE 1:

Proposed law provides that a student whose award is reduced or eliminated pursuant to proposed law is not required to accept payment of his award or to enroll or maintain continuous enrollment in an eligible college or university during the time period for which there is a funding shortfall and may defer acceptance of his award benefits. Proposed law further provides that if a student opts to defer acceptance of his award payment, all of the following apply: 1) the student, upon enrollment or re-enrollment in an eligible college or university, is eligible to receive all applicable award benefits for any remaining semester or semesters, or the equivalent thereof, of his unused eligibility; 2) the student must meet all academic and other eligibility requirements established by law or rule, except as otherwise provided in proposed law; and 3) the student must exhaust all unused award eligibility within five years of the initial reduction or elimination of his award, provided that if the student requests and is granted an exception for cause to the requirement to enroll or to maintain continuous enrollment in an eligible college or university, the time period within which the student must exhaust his award eligibility shall be extended by the amount of time for which he was granted an exception.

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

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