

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



Fiscal Note On: **HB 390** HLS 17RS 743  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.: **REVISED**

<b>Date:</b> May 6, 2017 6:53 AM	<b>Author:</b> CARTER, G.
<b>Dept./Agy.:</b> Office of Student Financial Assistance	<b>Analyst:</b> Willis Brewer
<b>Subject:</b> TOPS award amounts in the event of insufficient funding	

TOPS OR SEE FISC NOTE GF EX See Note Page 1 of 2  
 Provides relative to TOPS award amounts and for procedures for reducing award amounts in the event of insufficient funding

Present law established the baseline TOPS award for La. public college or university as tuition charged by institution in FY 17. Present law requires LOSFA to equitably reduce the amount of award for each qualifying student by an equal percentage on a pro rata basis (a "pro rata cut") when the legislature appropriates insufficient money to fully fund all awards.

Proposed law requires identification of each student whose Expected Family Contribution (EFC) is no greater than twice the amount necessary to qualify for a Pell Grant or whose ACT score is 30 or higher. These students are referred to as identified students.

Proposed law provides for application of pro rata cuts to award amounts, as required by present law, as follows: (1) If funds are sufficient to fully fund awards for such identified students, other students are subject to pro rata cuts and (2) If funds are not sufficient to fully fund awards for such identified students, the identified students are subject to pro rata cuts and awards are eliminated for other students.

EXPENDITURES	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>5 -YEAR TOTAL</u>
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	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>						

REVENUES	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>5 -YEAR TOTAL</u>
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
<b>Annual Total</b>	\$0	\$0	\$0	\$0	\$0	\$0

**EXPENDITURE EXPLANATION**

The proposed law is anticipated to increase FY 18 costs to Louisiana Office of Student Financial Assistance (LOSFA) for one-time implementation costs in regards to rulemaking (\$2,600) and internal IT computer programming (\$7,400) to capture new student data required by this legislation. The LFO anticipates these costs can be absorbed within their current budget.

Proposed law provides that awards will be paid based on 2017-2018 award amounts rather than on 2016-2017 award amounts in present law. Proposed law provides for a new method to eliminate TOPS Awards in the event of budget shortfall for the program. The proposed law will require LOSFA to pay TOPS awards and stipends to students that either (1) have an Expected Family Contribution that is not greater than twice the amount necessary to be eligible for a federal Pell Grant; or (2) achieved an ACT score of 30 or greater, or an equivalent concordant value on any enhanced or revised version of such test or on the SAT. The legislation classifies these students as "identified students." The maximum EFC to receive a federal Pell grant for the 2016-17 academic year is \$5,235. All students whose EFC is less than \$10,470 would be "identified students" under the proposed law.

In the event of a budget shortfall, the Board of Regents, as the administering agency, will first determine whether the TOPS appropriation is sufficient to fully fund the TOPS Award and stipend for identified students. The proposed legislation requires these identified students receive the maximum award and stipend. If funding sufficiently covers these payments, the remaining funding will be distributed to "non" identified students on a pro rata basis. If funding isn't sufficient to cover the identified students total payments, then the dollars will be distributed on a pro rata basis and "non" identified students will not receive any award.

Using the most recent data gathered by LOSFA, for FY 17 there are approximately 31,891 recipients that would be classified as "identified students" out of the 51,892 TOPS recipients at an estimated cost of \$192.5 M. In FY 17, TOPS was underfunded and the total appropriation was \$209 M. Under this proposed law, the remaining \$16.8 M would be distributed on a pro rata basis to the 20,001 remaining TOPS recipients. Using this example, 61% of the recipients would receive 92% of the total funding.

**Explanation continued on page 2**

**REVENUE EXPLANATION**

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

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}

*Evan Brasseaux*  
**Evan Brasseaux**  
**Staff Director**

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**CONTINUED EXPLANATION from page one:**

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LOSFA has indicated the proposed law will delay the determination of which students will be awarded and how much they will receive until mid semester because the data received from FAFSA is not certified. The proposed law will require LOSFA's Louisiana Award System to be modified to require certification of EFCs for all students by student financial aid administrators at colleges and universities. Student financial aid administrators are permitted by the Higher Education Act of 1965, as amended, to change a student's EFC in circumstances under which a student's financial information as set forth on the FAFSA has changed to such an extent that it requires modification of his federal financial aid eligibility.

LOSFA would not be aware of any modifications to a student's EFC unless specifically reported by colleges and universities, and it would have to wait until all certifications had been received in order to determine which students would be "identified students" as defined in this legislation. Since this will be the basis for the distribution of awards, this will delay the determination of which students would be awarded and how much those students would receive until at least mid-semester.

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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