

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



Fiscal Note On: **HB 399** HLS 18RS 514  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 7, 2018 2:56 PM	<b>Author:</b> CARTER, G.
<b>Dept./Agy.:</b> Higher Education/LOSFA	<b>Analyst:</b> Willis Brewer
<b>Subject:</b> TOPS award amount in the event of insufficient funding	

TOPS EG 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 provides that in the event of insufficient funding, the performance and honors stipends will not be awarded to students and the money will be used to fund other awards. Proposed law provides for a priority schedule subject to a pro rata cut in the event of insufficient funding as follows: Priority 1 - Honors Award recipients; Priority 2 - Performance Award recipients; Priority 3 - Opportunity Award recipients that are eligible for a federal Pell Grant; Priority 4 - Opportunity Award recipients that are not eligible for federal Pell Grant and TOPS Tech Award recipients that are eligible for a federal Pell Grant; and Priority 5 - TOPS Tech Award recipients that are not eligible for federal Pell Grant.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	\$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>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	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
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**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 allow for differential payment processing required by this legislation. The LFO anticipates these costs can be absorbed within their current budget. However, LOSFA may require additional resources dependent upon the cumulative amount of changes enacted in the session.

LOSFA has indicated the proposed law will delay the determination of which students will be awarded and how much they will receive. The data received from Free Application for Federal Student Aid (FAFSA) is not certified. A student's Estimated Family Contribution (EFC) can be adjusted due to special circumstances or verification at any time during the academic year, which could change the student's eligibility for TOPS; therefore, institutions, students, and parents will not know the amount of the award before fee bills are due.

The LFO assumes that a cut-off date for consideration of changes in EFC would need to be established. Otherwise, LOSFA would have to wait until all certifications had been received in order to determine which students were eligible for a Pell Grant, which would be the end of the academic year. However, it remains unclear whether all parties involved could be held responsible for any changes in eligibility that occur after the cut-off date since it is not in current law.

Proposed law provides for a new method to distribute TOPS Awards in the event of a budget shortfall for the program. 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 exclusive of the stipends. The dollars will be distributed on a pro rata basis based on priority where each priority is fully funded prior to the next priority receiving any funding. It is not expressed in this legislation, however, LOSFA has indicated consideration should be given to whether students who do not receive funding are required to opt out in order to avoid having their TOPS eligibility reduced for that semester

**Explanation continued on page 2**

**REVENUE EXPLANATION**

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

<p><u>Senate</u></p> <p><input type="checkbox"/> 13.5.1 &gt;= \$100,000 Annual Fiscal Cost {S&amp;H}</p> <p><input type="checkbox"/> 13.5.2 &gt;= \$500,000 Annual Tax or Fee Change {S&amp;H}</p>	<p><u>Dual Referral Rules</u></p>	<p><u>House</u></p> <p><input type="checkbox"/> 6.8(F)(1) &gt;= \$100,000 SGF Fiscal Cost {H &amp; S}</p> <p><input type="checkbox"/> 6.8(G) &gt;= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}</p>
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*Evan Brasseaux*  
**Evan Brasseaux**  
**Staff Director**

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**CONTINUED EXPLANATION from page one:**

Using the most recent data gathered by LOSFA, for FY 18 there are approximately 50,651 TOPS recipients (including TOPS Tech) and the estimated cost to fully fund these awards is \$295.4 M. The FY 19 Executive Budget recommended TOPS funding at \$57.9 M, which was insufficient to fully fund the Level 1 (Honors recipients) priority. However, using the current (HB 1 Reengrossed) TOPS allocation of \$232,981,825, priorities 1 - 3 would be fully funded, priority 4 would be 28% funded, and priority five would be unfunded.

		<b>Total</b>	<b>% of Total</b>	<b>Projected Need</b>	<b>Allocation</b>	<b>% Award Allocated</b>
Priority 1	Honors	11,698	23%	\$73,651,211	\$73,651,211	100%
Priority 2	Performance	13,177	26%	\$77,930,275	\$77,930,275	100%
Priority 3	Opportunity w/ Pell	10,090	20%	\$56,427,600	\$56,427,600	100%
Priority 4	Opportunity w/o Pell and Tech w/ Pell	15,014	30%	\$85,204,798	\$23,772,139	28%
Priority 5	Tech without Pell	672	1%	\$2,189,276	\$0	0%
	<b>TOTAL</b>	<b>50,651</b>	<b>100%</b>	<b>\$295,403,160</b>	<b>\$231,781,224</b>	<b>78%</b>

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}

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