

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 510** HLS 14RS 1352
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 24, 2014 7:25 AM	Author: GREENE
Dept./Agy.: Office of Student Financial Assistance	
Subject: Increases TOPS ACT Score and Grade Point Average	Analyst: Charley Rome

STUDENT/LOANS-SCHOLARSHIP OR DECREASE GF EX See Note Page 1 of 1
 Increases the ACT score and grade point average required for a Taylor Opportunity Program for Students Opportunity Award

Proposed legislation increases the following requirements for a TOPS Opportunity award beginning with students graduating in the 2016-17 school year: 1) Increases requisite grade point average from 2.5 to 2.75. 2) Increases requisite ACT score from 20 to 21.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0			\$0

REVENUES	2014-15	2015-16	2016-17	2017-18	2018-19	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
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed legislation will decrease TOPS expenditures in FY18 and FY19. The higher grade point average and ACT score will reduce the number of students who are eligible for Opportunity awards in FY18 and thereafter. Students who lose their Opportunity awards per the bill will still qualify for TOPS-Tech awards in FY18 and thereafter. However, there is no way to accurately project how many students may use a TOPS-Tech award to pursue an industry-based occupational or vocational education credential instead of pursuing an academic undergraduate degree after losing eligibility for their TOPS Opportunity award per the bill. Many students losing their Opportunity awards may pursue an academic undergraduate degree at their own expense without a TOPS scholarship.

LOSFA estimates that approximately 1/3 of the students who lose their Opportunity award per the proposed legislation will accept a TOPS-Tech award. Below is a table to illustrate the potential savings by fiscal year and award type using LOSFA's assumptions and projections:

	<u>FY18 Number of Awards</u>	<u>FY18 Amount of Awards</u>	<u>FY19 Number of Awards</u>	<u>FY19 Amount of Awards</u>
Opportunity Awards	(3,017)	(\$19,498,606)	(5,671)	(\$40,314,650)
TOPS-Tech Awards	1,131	\$4,546,873	1,859	\$8,221,245
Overall Awards	(1,886)	(\$14,951,733)	(3,812)	(\$32,093,405)

REVENUE EXPLANATION

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

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|---|--|---|
| Senate | <u>Dual Referral Rules</u> | House |
| <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"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {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} | |

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