

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 260** HLS 14RS 142
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 24, 2014 6:36 PM	Author: COX
Dept./Agy.: Office of Student Financial Assistance	
Subject: Lowers TOPS-Tech Minimum ACT Score from 17 to 16	Analyst: Charley Rome

STUDENT/LOANS-SCHOLARSHIP OR +\$877,000 GF EX See Note Page 1 of 1
 Lowers the minimum ACT score required for initial TOPS-Tech Award eligibility from 17 to 16

Proposed law lowers the minimum ACT score (or equivalent SAT score) required for initial TOPS-Tech Award eligibility from 17 to 16 for students that complies with current provisions in L.R.S. 17:3048.1, subparagraphs (A)(1)(a) and (b), which provides for residency requirements and enrollment timelines. Effective upon governor's signature.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	\$877,000	\$1,593,000	\$1,895,000	\$2,119,000	\$2,364,000	\$8,848,000
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	\$877,000	\$1,593,000	\$1,895,000	\$2,119,000	\$2,364,000	\$8,848,000

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

State general fund expenditures for TOPS-Tech awards will increase by an estimated \$877,000 in FY 15 due to the proposed legislation. Estimated TOPS-Tech awards increase to approximately \$2.364M by FY 19 due to the bill. LOSFA estimates that 342 additional students who graduate in Spring 2014 with an ACT score of 16 would utilize a TOPS-Tech award in the 2014-15 school year with an estimated cost increase of approximately \$877,000 in FY 15. LOSFA estimates the following number of awards and associated costs for students graduating in Spring 2014 and thereafter by fiscal year: FY 16 (565 awards, \$1.59M), FY 17 (611 awards, \$1.9M), FY 18 (621 awards, \$2.1M), and FY 19 (630 awards, \$2.36M).

Note: LOSFA has interpreted the bill to apply to the program's inception in 1997. As such, LOSFA reports that the bill would make 6,326 high school students who graduated from 1997 to 2013 with an ACT score of 16 eligible for a TOP-Tech award during the 2014-15 and 2015-16 academic years. LOSFA reports that it is difficult to accurately project how many of the 6,326 students who graduated from high school between 1997 and 2013 might accept a TOPS-Tech award per the bill's provisions as interpreted by LOSFA. However, LOSFA estimated the number of these 6,326 students that might utilize a TOPS-Tech award based on the percentage of high school graduates who have accepted an award historically. LOSFA reports that 13.6% of the eligible high school graduates utilized their TOPS-Tech award historically. LOSFA expects lower participation from these 6,326 students, and lowered the estimate to 12% for this cohort. LOSFA estimates that 8% of these students would accept their awards in the first year, with the following 4% accepting their awards in the 2nd year (total of 12% for both years). LOSFA estimates the following additional number of awards and associated costs per fiscal year for these students based on the 8% 1st year/4% 2nd year assumptions: FY 15 (506 awards, \$1.3M), FY 16 (579 awards, \$1.6M), FY 17 (221 awards, \$687,000), FY 18 (31 awards, \$105,000), and FY 19 (1 award, \$2,827).

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 checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <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} |

Evan Brasseaux
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