

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



Fiscal Note On: **HB 385** HLS 14RS 828

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> March 25, 2014 1:53 PM	<b>Author:</b> HARRISON
<b>Dept./Agy.:</b> Office of Student Financial Assistance	<b>Analyst:</b> Charley Rome
<b>Subject:</b> Changes TOPS ACT, Repayment of Awards, Caps Awards	

STUDENT/LOANS-SCHOLARSHP OR +\$249,000 GF EX See Note  
Provides relative to Taylor Opportunity Program for Students

Page 1 of 2

Beginning in 2018-2019, changes the requisite minimum American College Test (ACT) score for the TOPS Opportunity Award from 20 to 22. Beginning with 2015-16 award year and thereafter, provides that for a student to be eligible for an award payment during the first two award years, the student, for any particular semester or other applicable time period, shall agree to and be required to repay such award amount during that particular semester or other applicable time period that the student failed to make steady academic progress or maintaining full-time standing for continuing as required by current law. Beginning with the 2017-2018 award year and continuing through the 2021-2022 award year, the tuition award amount provided to a TOPS award recipient who enrolls in any public college or university in the state shall not exceed an amount determined by the La. Student Financial Assistance Commission (LSFAC) to equal the tuition charged by the public college or university attended or \$1,600 per semester, whichever is less. **(Bill Summary Continued on Page Two)**

<b>EXPENDITURES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$249,000	\$182,000	(\$170,312,000)	(\$219,807,000)	<b>(\$389,688,000)</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$249,000</b>	<b>\$182,000</b>	<b>(\$170,312,000)</b>	<b>(\$219,807,000)</b>	<b>(\$389,688,000)</b>

  

<b>REVENUES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	INCREASE	INCREASE	INCREASE	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>				<b>\$0</b>

**EXPENDITURE EXPLANATION**

State general fund expenditures will increase in Fiscal Years 2015-16 and 2016-17 for administrative costs related to the bill's TOPS repayment requirements beginning in FY16. LOSFA reports needing two additional staff and related costs by fiscal year: \$249,000 in FY15 (includes \$67,000 in one-time computer programming costs and \$5,000 in one-time equipment purchases), \$182,000 in FY17, \$188,000 in FY18, and \$193,000 in FY19. The additional staff would have the following duties: notify students of repayment obligations, obtain electronic promissory notes from all TOPS students prior to receiving awards, maintain current contact information, notify students that repayment is required, track students in repayment status to determine eligibility for deferred payments, process and track payments, notify students when debts are repaid, forward student records for unpaid accounts to collection agency or the Attorney General for debt recovery. The Attorney General may also incur collection costs associated with recovering TOPS payments from delinquent accounts (not included in amounts in the table above).

TOPS Awards will decrease by an estimated \$170.5M in FY18 due to the bill's provisions that cap TOPS awards to \$1,600 per semester. Cost savings from this \$1,600 cap climbs to \$208.7M in FY19. Furthermore, the bill increases the minimum ACT required for an Opportunity Award in FY19 and thereafter from 20 under current law to 22 in the bill. This change will decrease TOPS awards by an estimated \$11.3M in FY19.

**REVENUE EXPLANATION**

State general fund revenues from repayment of TOPS awards will increase by an estimated \$1.9M in FY17, \$4.9M in FY18, and \$5.4M in FY19. The bill requires students to repay TOPS awards beginning in FY16 for failing to make steady academic progress or maintaining full-time standing as required by current law. LOSFA assumes there will be a one year lag between the start of repayment requirements in FY16 and actual repayments beginning in FY17. LOSFA based these estimated collection amounts on collection experience from student loans in the past. The actual amount collected could vary significantly from these estimates. The bill does not specify a special fund for the proceeds from these collections and monies collected would be returned to the state treasury and could not be used to fund the TOPS program or LOSFA.

- |  |                            |       |  |
|--|----------------------------|-------|--|
| 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*  
**Evan Brasseaux**  
**Staff Director**

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**CONTINUED EXPLANATION from page one:**  
**(Bill Summary Continued from Page One)**

Page 2 of 2

Proposed law also specifies that for the same period of time, the tuition award amount provided to a TOPS award recipient who enrolls in a regionally accredited independent college or university in the state which is a member of the La. Association of Independent Colleges and Universities shall not exceed an amount determined by LSFAC to equal the weighted average amounts awarded for students attending public colleges or universities in the state or \$1,600 per semester, whichever is less. Provides that the maximum tuition award amount specified in proposed law is exclusive of any additional amounts awarded to students who qualify to receive a TOPS Performance or Honors Award.

Senate Dual Referral Rules House  6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(2) >= \$500,000 State Rev. Reduc. {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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