

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **HB 997** HLS 14RS 486

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 26, 2014 9:06 AM	Author: HUNTER
Dept./Agy.: Office of Student Financial Assistance	Analyst: Charley Rome
Subject: TOPS - 4/5 Star Jobs, Graduate Study, Repayment Req.	

STUDENT/LOANS-SCHOLARSHIP OR SEE FISC NOTE GF EX Page 1 of 2

Places certain residency and program of study requirements on Taylor Opportunity Program for Students (TOPS) award recipients and authorizes use of TOPS awards for postgraduate study in certain circumstances

Proposed law adds a requirement that recipients of TOPS awards pursue a degree or skill or occupational training that would qualify the student for employment in a four or five star job, on a statewide basis, as defined by the Louisiana Workforce Commission. Further provides that a student shall remain eligible for an award if all other conditions of present law are met and if after the student enrolls in but before he completes the program of study such job is no longer defined as a four or five star job. Proposed law provides that an otherwise qualified student who meets each of the following conditions may use the TOPS award to pursue a postgraduate academic degree at an eligible La. institution: (1) The student meets the initial eligibility requirements for an Opportunity, Performance, or Honors award. (2) The student first enrolled as a postsecondary student in and graduated from an out-of-state college or university accredited by a regional accrediting organization recognized by the U.S. Dept. of Education. **(Bill Summary Continued on Page Two)**

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

REVENUES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	INCREASE	INCREASE	INCREASE	\$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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0				\$0

EXPENDITURE EXPLANATION

The bill's overall impact on governmental expenditures is indeterminable. The bill's requirement that students use their TOPS awards towards degrees or skills that qualify them for employment in four or five star jobs as defined by the Louisiana Workforce Commission will likely reduce the number and dollar amounts of TOPS awards. This provision is effective with students who first enroll in 2014-15. However, there is no way to estimate how many TOPS students might be affected in FY15 and thereafter due to this requirement in the bill.

The bill's provisions allowing TOPS awards for postgraduate study will increase expenditures by indeterminable amounts. These students would have to meet the four or five star requirement mentioned above. The Louisiana Student Financial Assistance Commission (LOSFA) reports that approximately 1,582 students each year meet TOPS eligibility requirements and do not accept their awards and likely pursue undergraduate study in another state or country. There is no way to estimate how many of these students might return to Louisiana and meet the TOPS eligibility requirements per the bill and pursue postgraduate study in a four or five star employment field.

The bill requires repayment of TOPS awards if students do not obtain their baccalaureate or postgraduate degree within eight semesters or reside in the state for four years after obtaining a degree. LOSFA would need staff and resources to do the following to meet the bill's repayment requirements: notify students of repayment obligations, obtain electronic promissory notes from all TOPS students prior to receiving awards, maintain current contact information, track students for four years after graduation, 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.

(Expenditure Explanation Continued on Page Two)

REVENUE EXPLANATION

State general fund revenues from repayment of TOPS awards will increase by indeterminable amounts in FY17 and thereafter. The bill requires repayment of TOPS awards for students first enrolling in the 2014-15 academic year if students lose eligibility, do not graduate, or do not live in the state for four years after graduation. There will be a two year lag between the start of repayment requirements due to the two suspension period allowed by TOPS. There is no way to estimate the potential repayment amounts per the proposed legislation.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	 Evan Brasseaux Staff Director
<input 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}		

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CONTINUED EXPLANATION from page one:

(Bill Summary Continued from Page One)

(3) While enrolled in such a college or university, the student met all requirements for continuation of the initial award that would have been applicable had he been enrolled in a La. college or university. (4) The student graduated from high school during the 2010-2011 school year or thereafter. Provides that the amount of the tuition award shall not exceed the amounts determined by the administering agency to equal the tuition charged for the postgraduate study or for undergraduate full-time enrollment charged by the highest cost public college or university in the state, whichever is less. Provides that the student may continue to receive the award if he continues to meet all academic and other requirements for continued receipt of the award as applicable to an undergraduate, including any modifications of such requirements made by the administering agency as needed to apply such requirements to postgraduate study. Permits student to receive the award for not more than three academic years or the equivalent number of semesters or quarters; prohibits receipt of the award for a term that begins more than seven years after high school graduation. Proposed law provides that for an award recipient first enrolling in an eligible institution for or during the 2014-2015 academic year or thereafter, upon completion of a bachelor's or postgraduate degree, such former recipient of an award shall either reside in La for at least one year for each year of award he received or repay one year of award for each year he fails to meet this residency requirement. Requires any such recipient who loses eligibility to receive awards to repay amounts received. Proposed law requires that the former recipient repay amounts in the reverse order from that in which they were received and repay one year of awards within each calendar year until all awards have been repaid. Authorizes deferral of repayment for full-time students and those engaged in military service. Waives the repayment requirement for a recipient who completes a degree and works for at least four years in any of the following: government service including military service; for a La.-based company; or for a nonprofit organization. Proposed law authorizes the administering agency to promulgate rules necessary to implement proposed law, including provision for collecting amounts owed and interest on unpaid amounts.

(Expenditure Explanation Continued from Page One)

LOSFA was unable to develop cost estimates to meet the bill's requirements. However, there is another bill this session with TOPS repayment requirements (HB 385). LOSFA reported needing the following two additional staff and related costs by fiscal year to handle the TOPS repayment requirements under HB 385: \$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. However, the scope of repayments was more limited in HB 385, and HB 385 did not include tracking and repayments for graduates. As such, LOSFA's administrative costs associated with repayment requirements with this bill will likely be more than for HB 385.

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}

Evan Brasseaux

Evan Brasseaux
Staff Director