LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 838** HLS 15RS 2452
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 26, 2015 2:48 PM
Author: PRICE
Dept./Agy.: Office of Student Financial Assistance
Subject: Allows TOPS-Tech for Academic Programs
Analyst: Charley Rome

STUDENT/LOANS-SCHOLARSHP EG INCREASE GF EX See Note

Provides that students may use TOPS-Tech awards only for those degrees and programs that the Bd. of Regents and the La. Workforce Investment Council determine are aligned with state workforce priorities

Present law provides for the Taylor Opportunity Program for Students (TOPS) as a program of merit scholarships for students attending certain postsecondary education institutions who meet specific academic requirements and other qualifications. Provides for the TOPS-Tech award for students who enroll in certain colleges and universities to pursue skill or occupational training, including vocational or technical education certificates or diploma programs or nonacademic undergraduate degrees. Proposed law, applicable to students graduating from high school during the 2016-17 school year and thereafter, provides that students may only use a TOPS-Tech award if enrolled in those associate's degree (academic or nonacademic) or shorter-term training and education programs that the Bd. of Regents and the La. Workforce Investment Council determine are aligned with state workforce priorities. However, an otherwise eligible student who had previously received an award and enrolled in such a program may continue to use the award if such board and council determine that the program is no longer aligned with such priorities.

EXPENDITURES	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**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	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**				**$0**

REVENUES	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**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 awards will increase by indeterminable amounts in FY18 and thereafter. Beginning with students graduating from high school during the 2016-17 school year and thereafter, the bill allows students to use a TOPS-Tech award if enrolled in associate degree (academic or nonacademic) or shorter-term training and education programs that the Louisiana Workforce Investment Council (WIC) and the Board of Regents (Regents) determine are aligned with state workforce priorities. The Louisiana Workforce Commission (LWC) has suggested that the La. WIC and Regents are likely to adopt the following 14 Associate of Science (A.S.) programs as being aligned with state workforce priorities: Baton Rouge Comm. Coll. (Computer Science and Pre-Engineering), Southern Univ. - Shr. (Comp. Science and Accounting), Bossier Parish Comm. Coll. (Pre-Engineering), Delgado (Electrical-Electronic Engineering Technology), South La. Comm. Coll. (Energy & Chemical Processing Technology and Industrial Technology), Nicholls (Petroleum Services and Safety Tech.), LSU Health Science Center-NO (Dental Laboratory Tech.), LSU-A (Radiologic Technology and Clinical Laboratory Sciences), and LSU-E (Radiologic Technology).

The La. Office of Student Financial Assistance (LOSFA) has identified approximately 75 students from school years 2012 and 2013 who were eligible for a TOPS-Tech award, did not accept the award, and were enrolled in one of these 14 programs. Assuming La. WIC and Regents do not remove any TOPS-Tech programs that are currently eligible, the bill will increase TOPS costs by a minimum amount of approximately $97,052 per year beginning in FY18 based on approximately half of the 75 students (38 students) in these 14 programs receiving an average TOPS-Tech award of $2,554 per year (38 additional students X $2,554 TOPS-Tech award per student = $97,052). Based on this minimalist interpretation, the bill's lowest possible costs increase to an estimated $191,550 per year in FY19 and thereafter as a full cohort of 75 students receive TOPS-Tech awards per the bill. However, the bill will likely encourage additional TOPS-Tech students to enroll in courses approved by La. WIC and Regents. As such, LOSFA made the following assumptions relative to the bill's estimated costs: 1) Another 17% of students who did not accept their TOPS-Tech awards would be enticed to do so due to the proposed legislation. 2) 60% of students retain their TOPS-Tech award from the 1st to 2nd year or enroll in a one year program. 3) Historical student enrollment will increase by 3% per year. 4) Average award per student is $2,554 per year. LOSFA estimates the following number of students and costs by year based on the assumptions above: FY18 (349 students, $891,745 annual estimated cost), FY19 (540 students, $1,379,343 annual estimated cost), and FY20 (553 students, $1,411,878 annual estimated cost).

(Expenditure Explanation Continued on Page Two)

REVENUE EXPLANATION

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

Senate Dual Referral Rules House

[x] 13.5.1 >= $100,000 Annual Fiscal Cost {S&H}

[ ] 13.5.2 >= $500,000 Annual Tax or Fee Change {S&H}

[x] 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}

[ ] 6.8(F)(2) >= $500,000 Rev. Red. to State {H & S}

[ ] 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

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Staff Director

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CONTINUED EXPLANATION from page one:

(Expenditure Explanation Continued from Page One)

According to the Regents' website, an Associate of Science (A.S.) is an academic degree program with a significant general education core, designed primarily to serve as preparatory education for transfer to a related baccalaureate program. All coursework must meet Southern Association of Colleges and Schools Commission on Colleges (SACS/CoC) accreditation requirements. A.S. degrees are usually offered by community colleges and two-year transfer institutions. The bill authorizes TOPS-Tech students to pursue associate's degrees in programs that are aligned to state workforce priorities as determined by Regents and La. WIC. The 14 programs suggested by La. WIC include Associate of Science (A.S.) programs. However, nothing in the bill would preclude Regents and La. WIC from including Associate of Arts (A.A.) and Louisiana Transfer Associate (AALT or AS/LT) from eligible programs if they met the state's workforce priorities as defined by Regents and La. WIC. Based on the broadest interpretation, the bill would allow Regents and La. WIC to authorize use of TOPS-Tech awards to fund the first two years of general educational coursework at a community college that could be applied towards a baccalaureate degree after such students transferred to a four-year institution for their junior and senior years. TOPS would not fund the cost of the 3rd and 4th year for these students. However, such a scenario would encourage many more students to accept their TOPS-Tech awards significantly increasing TOPS costs. Only about a 1/4 of eligible TOPS-Tech student currently accept their awards.

Senate Dual Referral Rules House

[x] 13.5.1 >= $100,000 Annual Fiscal Cost {S&H}

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[x] 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}

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