

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 174** SLS 16RS 64
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 13, 2016 8:26 AM	Author: DONAHUE
Dept./Agy.: Office of Student Financial Assistance	Analyst: Matthew LaBruyere
Subject: TOPS Award Amounts	

TOPS EG SEE FISC NOTE GF EX See Note Page 1 of 2
 Provides relative to the minimum ACT score for TOPS eligibility and TOPS award amounts. (gov sig)

Present law provides relative to the amount awarded for recipients of a TOPS Tech Award, which is only awarded if a student is enrolled in programs aligned to state workforce priorities as determined by the Bd. of Regents and La. Workforce Investment Council. Present law provides relative to the amount awarded to recipients of Opportunity, Performance, or Honors awards. Proposed law provides that amounts for all TOPS awards shall not increase beyond the amount awarded in the 2016-17 academic year.

Present law provides that to qualify for an Opportunity Award, a student must have a composite ACT score equal to or higher than the state average composite score, rounded to the nearest whole number, reported for the previous year, but never less than 20. Proposed law retains the requirement that a student have a minimum ACT score equal to or greater than the state average, but never less than 20, but specifies that the state average be truncated to a whole number instead of being rounded to the nearest whole number. Effective upon governor's signature.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$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>	\$0
Annual Total	\$0					\$0

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed legislation will have no direct material effect on state general fund (SGF) expenditures in FY 17. Beginning in FY 18 the proposed legislation will likely result in a decrease in SGF expenditures in the event tuition is raised by postsecondary management boards. A savings will occur based on the difference of the new tuition amount and the capped TOPS award amount for each institution. The exact SGF decrease is unknown since there are currently no tuition increases projections for the 2016-2017 academic year and subsequent academic years.

Tuition raising authority was granted to the institutions through the Granting Resources and Autonomy for Diplomas (GRAD) Act of 2010. Louisiana public colleges and universities signed six-year performance agreements in August 2010 per the LA GRAD Act. These six-year agreements expire at the end of FY 16. At the December 2015 Board of Regents meeting, the GRAD Act Review Panel recommended that the six-year agreements not be renewed. By not renewing the agreements, the institutions would no longer have tuition raising authority.

There are bills proposed before the Legislature this session that increase the authority of management boards to set tuition and fees at institutions under their management. Some of these proposed bills would grant authority to increase tuition and fees without Legislative approval. As such, there may be tuition increases through legal authorities other than LA Grad Act in FY 17 and thereafter that could result in a reduction in TOPS growth attributable to this bill. There is no way to estimate how much tuition might increase due to the bills under consideration by the Legislature this session.

There will be an indeterminable impact to SGF to the extent the legislature increases the TOPS award amount in future years. The impact will depend on how much the award is raised and how much tuition is increased. In the event the increased award amount matches the increased tuition amount, SGF expenditures will increase. However, if the award amount is increased to an amount less than tuition, a savings may still be realized but will ultimately depend on the increased award amount and increased tuition amount.

(CONTINUED ON PAGE 2)

REVENUE EXPLANATION

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

Senate Dual Referral Rules House

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

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {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

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Staff Director

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CONTINUED EXPLANATION from page one:

Expenditure Explanation Continued From Page 1:

For informational purposes, the LA Office of Student Financial Assistance projects the average TOPS award for academic award (Opportunity, Performance and Honors) amount to remain at \$5,818 in 2016-2017 through 2020-2021 and the average TOPS Tech award amount to remain at \$2,820 in 2016-2017 through 2020-2021.

The proposed legislation also changes the rounding provisions for ACT composite scores from rounding up to the nearest whole number to truncating to the nearest whole number. This change has no impact since the average state ACT score (19.4) is below the minimum ACT score of 20 for the TOPS Opportunity award.

Senate Dual Referral Rules House

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

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

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