

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 470** SLS 16RS 1237

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.: **SB 89**

Date: April 18, 2016 2:01 PM	Author: MORRISH
Dept./Agy.: Office of Student Financial Assistance	Analyst: Matthew LaBruyere
Subject: TOPS Awards	

TOPS EG SEE FISC NOTE GF EX Page 1 of 2
Provides relative to reduction of TOPS award amounts or the number of TOPS recipients in the event of insufficient funding. (gov sig)

Present law provides that in the event the legislature fails to appropriate sufficient money to fund all awards made to students who qualify for a TOPS award, that the first cohort of students eliminated will be those who score lowest on the ACT. Further provides that within this cohort, those students whose families are most able to pay the student's tuition will be eliminated first. If funding is still insufficient after the elimination of all students in this cohort, this procedure will be repeated with each succeeding score cohort. Proposed law retains present law, but provides that the number of students who can receive a TOPS award shall not be reduced, unless JLCB fails to approve a reduction in award amounts for all students who received a TOPS award. Proposed law shall equitably reduce the amount of all program awards, including the stipends for the Performance and Honors awards, by an equal percentage on a pro rata basis. Proposed law provides that if JLCB fails to approve a pro rata reduction in all award amounts, the provisions of present law providing for a reduction in the number of students to whom awards shall be made will apply. Proposed law provides that if TOPS award (**CONTINUED ON PAGE 2**)

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	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	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.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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						

EXPENDITURE EXPLANATION

The proposed legislation will not have an impact on state general fund expenditures since the legislation changes the mechanism for determining which students will receive TOPS awards in the event of insufficient funding.

Under current law if there is insufficient funding for all awards, the cohort of students with the lowest score on the ACT and whose families are most able to pay the student's tuition will be eliminated first. If funding is still insufficient after the elimination of all students in this cohort, this procedure will be repeated with each succeeding score cohort. Based on the projected TOPS funding of \$110 M for FY 17, students with an ACT score of 26 (some with a score of 25) and above would be eligible to receive the award. Based on the 51,194 students who received awards in FY 16, the proposed funding would result in awards being given to 17,297 students and 33,897 students would not receive the award.

The LA Office of Student Financial Assistance projects that 51,776 students will be eligible to receive an award with a projected average award amount of \$5,718, for a total of \$296 M in FY 17. Under the proposed legislation all students will receive an award at an equally reduced amount if the program is not fully funded. Based on the projected TOPS funding of \$110 M for FY 17, the average award amount per recipient would be reduced to \$2,125.

REVENUE EXPLANATION

The proposed legislation allows the institution in which the TOPS recipient is enrolled to bill the student for the difference between the award and the tuition charged by the institution, unless a waiver is granted. Any impact on self-generated revenue is indeterminable since it unknown how many students will remain enrolled at the institution in FY 17 in the event the TOPS award is reduced. To the extent the the students attending an institution remain static, the institutions will not recognize a decrease since the students would pay the tuition difference. However, in the event a student does not remain enrolled in the institution, the institution would recognize a decrease in revenue. In addition, if an institution grants a waiver, it would not receive the difference in tuition and the TOPS award amount.

Senate Dual Referral Rules House

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

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 470** SLS 16RS 1237

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.: SB 89

Date: April 18, 2016 2:01 PM	Author: MORRISH
Dept./Agy.: Office of Student Financial Assistance	Analyst: Matthew LaBruyere
Subject: TOPS Awards	

CONTINUED EXPLANATION from page one:

Page 2 of 2

LEGISLATION EXPLANATION CONTINUED FROM PAGE 1:

postsecondary institutions may bill a student for the difference between the student's TOPS award and the amount of tuition established for the institution in which he is enrolled, unless the student is granted a tuition waiver. Proposed law provides that if the number of students eligible to receive a TOPS award is reduced, postsecondary institutions may bill a student for the full amount of tuition established for the institution in which he is enrolled, unless the student is granted a tuition waiver.

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

Evan Brasseaux
Staff Director