

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 117** HLS 17RS 429
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 15, 2017 4:53 PM	Author: FOIL
Dept./Agy.: Office of Student Financial Assistance	Analyst: Willis Brewer
Subject: TOPS Eligibility	

STUDENT/LOANS-SCHOLARSHP EG DECREASE GF EX See Note Page 1 of 1

Raises the minimum grade point average required for initial eligibility for a Taylor Opportunity Program for Students (TOPS) Opportunity Award.

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 initial eligibility requirements pertaining to grade point average (GPA), ACT score, and core curriculum requirements and certain other qualifications.

Present law requires a minimum cumulative GPA of 2.50 for both a TOPS-Tech Award and an Opportunity Award.

Proposed law raises the minimum GPA requirement for initial eligibility for the Opportunity Award from 2.50 to 2.75 and is applicable to students graduating from high school during or after the 2020-2021 school year.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	DECREASE	\$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

REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	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 is anticipated to result in a decrease in state general fund expenditures beginning in FY 22 as a result of increasing the minimum grade point average (GPA) from 2.50 to 2.75 in order to receive a Taylor Opportunity Program for Students (TOPS) Opportunity award. The proposed bill is applicable only to high school students graduating during or after the FY 21 school year therefore any potential savings will be realized in FY 22.

Using current student data, the Office of Student Financial Assistance estimates a FY 22 cost savings range from \$3.2 M - \$4.5 M. Based on data provided by OSFA, the LFO calculates a higher cost savings range from \$5.1 M - \$7.5 M. The cost savings range is a result of both OSFA and the LFO projecting these savings on currently appropriated dollars versus the projected need. Currently, TOPS is funded at \$209 M which is \$82 million less than the projected FY 17 TOPS amount (\$292 M). The minimum savings accounts for this shortfall while the maximum savings is based on TOPS being fully funded.

The significant difference in the analysis is that OSFA's projection assumes students that fail to achieve the TOPS Opportunity Award will accept the TOPS Tech award. This increase in the TOPS Tech amounts partially offsets the potential TOPS Opportunity award savings. Another difference in the methodology is that the LFO projects the savings based on the total dollars spent by institution, by award type, and by student level while OSFA bases their projection on the number of freshman students that fail to achieve a 2.75 GPA and uses the average Opportunity and Tech award amounts. Based on data from OSFA, the LFO calculates the ten year (2007 - 2016) TOPS Tech acceptance rate at 21%. However, the LFO cannot estimate which students will accept a Tech award due to this legislation. Therefore, the LFO's calculation does not assume any students that fail to achieve the Opportunity award will accept a Tech award. The actual savings will likely fall somewhere between the two estimates.

However, both of these figures are based on current data and projections. These figures assume high school student progression and behavior will remain the same after the proposed legislation. To the extent students achieve better academic performance, these savings could be significantly reduced.

REVENUE EXPLANATION

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

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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