

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 126** SLS 14RS 526
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

| | |
|---|------------------------------|
| Date: June 4, 2014 9:44 AM | Author: NEVERS |
| Dept./Agy.: Office of Student Financial Assistance | |
| Subject: Authorizes Private Providers of TOPS-Tech Early Start | Analyst: Charley Rome |

TOPS EN INCREASE GF EX See Note Page 1 of 2
 Provides relative to TOPS. (gov sig)

Proposed law expands the use of the award so that it may be used to fund any technical or applied course leading to an Industry Based Certification, a Certificate of Applied Sciences, and a Certificate of Technical Sciences offered at a Louisiana public or nonpublic postsecondary education institution or by any Louisiana training provider recognized by the Louisiana Workforce Commission and approved by the State Board of Elementary and Secondary Education when such certification or certificate is approved by the Workforce Investment Council as meeting the following requirements: (1) Is identified by the Occupation Forecasting Conference as a credential for an occupation in top demand in Louisiana. (2) Is recognized by the State Industry-Based Certification Leadership Council. Proposed law eliminates the requirement that credentials be approved by BESE and by the Board of Supervisors of Community and Technical Colleges. **(Bill Summary Continued on Page Two)**

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

EXPENDITURE EXPLANATION

The bill will likely increase state general fund expenditures for TOPS-Tech Early Start awards by indeterminable amounts in FY15 and thereafter. However, there is no way to estimate how many additional students might take TOPS-Tech Early Start (TTES) courses from nonpublic providers as allowed by the proposed legislation. The bill requires LOSFA to pay TTES nonpublic providers \$150 per three credit-hour course or equivalent time course, not to exceed two such courses per semester for 11th and 12th grade students. LOSFA and the LFO are unable to determine how many additional students might be trained by the nonpublic providers authorized by the bill. Current law states that implementation of proposed law is subject to appropriation of funds by the Legislature. However, practice in recent years is to appropriate TOPS funding based on "more or less estimated" language in HB 1, meaning the state will fully fund all eligible TOPS awards. The provisions in the bill limiting the number of program providers recognized by the Louisiana Workforce Commission and approved by the BESE to five in FY15 may limit potential cost increases in FY15. However, the limit on providers in FY15 does not limit the number of students that might be trained, and individual providers may have large training capacities and have multiple geographical training locations. The bill's changes to TOPS-Tech core course requirements will not materially affect expenditures for TOPS-Tech awards.

Authorizing nonpublic providers for TTES in the proposed legislation, in conjunction with other legislative, and DOE initiatives, are likely to increase demand for TTES courses. HB 944 of the 2014 Regular Session (Enrolled) created the high school career option program allowing students to complete courses in approved training programs leading to industry based credentials. Additionally, the DOE's new Jump Start program aims to provide career courses and workplace experiences to high school students. Jump Start focuses on dual enrollment programs like TTES for completion of industry based certificates through combinations of instruction in the following settings: high school, public postsecondary providers, and private providers. Furthermore, the state's Course Choice program allows students to enroll in a broad selection of core academic, college-preparatory and career training courses.

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

The bill authorizes LOSFA to pay Louisiana postsecondary institutions or providers of training programs an amount of \$150 for each three credit-hour course (or equivalent time course) for each student enrolled in an eligible program of study, not to exceed two such courses per high school student in eleventh or twelfth grade. Proposed law limits the number of program providers recognized by the Louisiana Workforce Commission and approved by the BESE to five in FY15. Proposed law eliminates the requirement that the student must have at least the minimum scores required to pass the mathematics and English portions of the graduation exit exam established by BESE. To maintain continuing eligibility for a TOPS-Tech Early Start Award, proposed law states that a student may be enrolled in a nonpublic postsecondary education institution or training program and continue to pursue one or more courses leading to an industry-based credential. Proposed law requires that Louisiana Student Financial Aid Commission (LASFAC), rather than the Board of Regents, issue the report currently required by present law. The proposed legislation also allows students seeking a TOPS-Tech, Opportunity, Performance, or Honors awards to substitute one unit of drafting for the one unit requirement for Fine Arts Survey to meet TOPS core curriculum requirements. For students seeking a TOPS-Tech award, the bill removes the TOPS core curriculum requirement to complete one unit in Chemistry, and makes Chemistry or Applied Chemistry option units in the TOPS-Tech core curriculum requirements. These changes are effective with students graduating from high school in 2014. Effective upon governor's signature.

(Expenditure Explanation Continued from Page One)

Student counts from the La. DOE reported 41,375 11th graders and 40,560 12th graders (81,935 from both grades) in public schools in the state on 2/4/14. Information from Louisiana's ACT Profile Report from 2012 showed 35.8% of public students in the state scored 15 to 19 on the ACT and 54.3% of students scored 20 or greater on the ACT (35.8% + 54.3% = 90.1% of students in the state scored 15 or greater on the ACT).

Applying these percentages to the DOE student counts from 2/2/14 (81,935 students X 90.1% = 73,823 potential students) represents the potential pool of students whose TTES training could be provided by nonpublic providers recognized by the Louisiana Workforce Commission (LWC) and the Board of Elementary and Secondary Education (BESE).

As stated earlier, LOSFA and the LFO are unable to determine how many additional students might be trained through TTES by the nonpublic providers as authorized by the bill. However, a small percentage of students participating could significantly increase SGF expenditures for TTES. To illustrate, the LFO assumes that 5% of public school students scoring 15 to 19 on the ACT would be trained by nonpublic TTES providers as authorized by the bill. Additionally, the LFO assumes that 2.5% of students scoring 20 or above on the ACT would be trained by nonpublic TTES providers as authorized by the bill. Using these assumptions, the cost per year is approximately \$1.55M based on the calculations below:

Est. 29,333 students scoring 15 to 19 on the ACT X 5% X 4 classes per year @ \$150 per class = \$879,982
Est. 44,491 students scoring 20 or greater the ACT X 2.5% X 4 classes per year @ \$150 per class = \$667,361
Total Estimated Cost Based on Assumptions: \$1,547,342

The cost estimate above is to illustrate the potential cost of a small percentage of students participating. The estimate above is not based on any known or anticipated percentage of students that are likely to participate due to passage of SB 126.

LOSFA assumes that the bill will save \$1,456 for each student that receives TTES training from a private provider as authorized by the bill. LOSFA bases this anticipated savings on a corresponding reduction in TOPS-Tech award costs for these students after high school. However, the LFO questions this assumption for a couple of reasons. It is likely that SB 126 and other legislative, and DOE initiatives are likely to increase demand for TTES courses to students who were unlikely to pursue a TOPS-Tech award previously. Secondly, very few TTES students currently pursue TOPS-Tech awards after finishing high school. Based on current TTES participation, only 15% of current TTES students accept TOPS-Tech awards after finishing high school. Furthermore, 46% of TTES students currently accept TOPS Opportunity, Performance, or Honors Awards. As such, LOSFA's savings assumption can only occur if there is a fundamental change in the composition of students taking TTES courses due to the passage of SB 126. However, such a fundamental change in the composition of students taking TTES courses could also increase the number of students pursuing TOPS-Tech awards after high school compared to current participation, thereby increasing TOPS-Tech costs in the future.

The bill's proposed changes to TOPS core curriculum requirements are effective with students graduating from high school in 2014 and will not significantly affect the number of TOPS awards or the amount of TOPS expenditures in FY15 or thereafter.

Senate Dual Referral Rules House [X] 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
[X] 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
Staff Director