

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 385** HLS 26RS 597

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 21, 2026	1:37 PM	<b>Author:</b> BAMBURG
<b>Dept./Agy.:</b> Higher Education		<b>Analyst:</b> Tanesha Morgan
<b>Subject:</b> TOPS repayment		

TOPS EG INCREASE GF EX See Note Page 1 of 1  
Provides, under specified circumstances, for repayment of a Taylor Opportunity Program for Students (TOPS) award

Present law provides for the TOPS merit scholarship program and requires students to meet continuing eligibility requirements, including satisfactory academic progress, minimum GPA, and no criminal convictions other than misdemeanor traffic violations. Proposed law provides that students who graduate during or after the 25-26 school year must repay award amounts paid on their behalf if their award is suspended or canceled for failure to meet continuing eligibility requirements. Proposed law exempts from the repayment requirement students who initially qualified for an Honors or Excellence award and students who enroll in a high-wage, high-demand "qualified program" at an LCTCS institution during or immediately following the semester of suspension or cancellation. Provides that BOR shall promulgate rules for collecting amounts owed, including interest on unpaid balances, and for exceptions to the repayment requirement. Provides that exceptions are limited certain circumstances.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>

REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>

**EXPENDITURE EXPLANATION**

Proposed law is anticipated to increase SGF expenditures at the Board of Regents by approximately \$304,000 in FY 27 and \$504,000 annualized beginning in FY 28 associated with implementing the TOPS repayment program. The FY 27 costs include \$294,000 in personal services for three (3) new positions: one Attorney (\$80,000 salary + \$32,000 related benefits) to aid in rule development and process cancellation exception requests, and two Student Financial Aid Specialists (\$65,000 salary + \$26,000 related benefits each) to track TOPS recipients as they progress academically and \$10,000 in one-time operating costs to modify the Award System platform, update administrative rules, and revise promotional materials. Beginning in FY 28, the Board of Regents anticipates adding two Fiscal Accountants (\$75,000 salary + \$30,000 related benefits each) to process collection receipts, bringing total personal services to \$504,000 annualized for five (5) positions.

The LFO cannot corroborate that the proposed law's requirements will create a workload level sufficient to require additional employees. To the extent the additional workload is less than what the Board of Regents anticipates, the additional workload may be absorbable, either wholly or partially, using existing staff and resources, or may be achievable without new positions.

NOTE: The LFO has requested information from the Office of Debt Recovery and the Office of the Attorney General regarding the cost to pursue delinquent accounts. This note will be updated once additional information becomes available.

**REVENUE EXPLANATION**

The proposed legislation will likely result in an increase in state revenue as a result of students repaying TOPS awards. Proposed legislation does not specify where repayment revenue would be deposited. Since TOPS is funded through a combination of State General Fund and the TOPS Fund (Statutory Dedications), the LFO presumes repayments would be deposited into the TOPS Fund. The exact increase in Statutory Dedication revenue is indeterminable since it is unknown how many students will not maintain eligibility and how much would be collected in repayments of TOPS awards. However, the Board of Regents estimates potential collections of \$22.6 M in FY 28, \$43.3 M in FY 29, \$56.6 M in FY 30, and \$61.2 M in FY 31 based on cancellation history for the 2024-2025 academic year, during which 7,066 TOPS-Tech, Opportunity, and Performance awards were cancelled across four cohorts (4,147 first-year, 1,897 second-year, 814 third-year, and 208 fourth-year cancellations), valued against the average TOPS Opportunity award of \$5,456.

Note: The amounts provided by BOR represent total potential indebtedness rather than annual recoverable amounts, as students would repay over multiple years and the Board of Regents cannot estimate recovery rates.

Senate  
 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}

**Patrice Thomas**  
**Deputy Fiscal Officer**