

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 708** HLS 15RS 1176
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 27, 2015 8:50 AM	Author: HUNTER
Dept./Agy.: Office of Student Financial Assistance	Analyst: Charley Rome
Subject: Makes Various Changes to the TOPS Program	

STUDENT/LOANS-SCHOLARSHIP OR +\$17,600,000 SG RV See Note Page 1 of 2
 Relative to TOPS and academic excellence fees assessed by LSU; provides with respect to certain minimum criteria for eligibility, to authorized uses of program funds, to repayment of award amounts in certain circumstances, and to ACT Score in Whole Number Increments - Proposed law requires that the minimum ACT score to receive a TOPS academic award shall be expressed in whole number increments, instead of rounded to the whole number as required under current law.

Four or Five Star Job Requirements - Proposed law adds a requirement that recipients of TOPS awards pursue a degree or skill or occupational training that would qualify the student for employment in a four or five star job, on a statewide basis, as defined by the Louisiana Workforce Commission. Further provides that a student shall remain eligible for an award if all other conditions of present law are met and if after the student enrolls in but before he completes the program of study such job is no longer defined as a four or five star job. **(Bill Summary Continued on Page Two)**

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						
REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	INCREASE	INCREASE	INCREASE	\$0
Agy. Self-Gen.	\$17,600,000	\$17,600,000	\$17,600,000	\$17,600,000	\$17,600,000	\$88,000,000
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$17,600,000	\$17,600,000				\$35,200,000

EXPENDITURE EXPLANATION

The bill's overall net impact on governmental expenditures is indeterminable due to various potential increases and decreases in the bill. There are no costs associated with the bill's requirement that the minimum ACT score for a TOPS academic award be expressed in whole number increments. The bill's requirement that students use their TOPS awards towards degrees or skills that qualify them for employment in four or five star jobs as defined by the Louisiana Workforce Commission will likely reduce the number and dollar amounts of TOPS awards. This provision is effective with students who first enroll in 2015-16. However, there is no way to estimate how many TOPS students might be affected in FY16 and thereafter due to this requirement in the bill.

There will likely be a reduction in the growth of state general fund expenditures for TOPS awards in FY17 and thereafter due to the bill's provision capping TOPS awards per student to amounts awarded in FY16. The proposed reduction in the growth of TOPS expenditures assumes there will be tuition increases in FY17 and thereafter. However, there will be no impact on TOPS expenditures if there are no tuition increases in FY17 and thereafter. The bill also authorizes the legislature to increase TOPS award amounts in any year. This portion of the proposed legislation should have no impact on normal growth in the number of students participating in the TOPS program.

The bill's provisions allowing TOPS awards for postgraduate study will increase expenditures by indeterminable amounts. These students would have to meet the four or five star requirement mentioned above. The Louisiana Student Financial Assistance Commission (LOSFA) reports that approximately 1,587 students each year meet TOPS eligibility requirements and do not accept their awards and likely pursue undergraduate study in another state or country. There is no way to estimate how many of these students might return to Louisiana and meet the TOPS eligibility requirements per the bill and pursue postgraduate study in a four or five star employment field.

The bill requires repayment of TOPS awards if students do not obtain their baccalaureate or postgraduate degree within eight semesters or reside in the state for four years after obtaining a degree. LOSFA would need staff and resources to do the following to meet the bill's repayment requirements: notify students of repayment obligations, obtain electronic promissory notes from all TOPS students prior to receiving awards, maintain current contact information, track students for four years after graduation, notify students that repayment is required, track students in repayment status to determine eligibility for deferred payments, process and track payments, notify students when debts are repaid, forward student records for unpaid accounts to collection agency or the Attorney General for debt recovery. The Attorney General may also incur collection costs associated with recovering TOPS payments from delinquent accounts.

(Expenditure Explanation Continued on Page Two)

REVENUE EXPLANATION

Self-generated revenues will increase by an estimated \$17.6 M per year due to removing authority of the LSU BOS to waive academic excellence fees for financial hardship. State general fund revenues from repayment of TOPS awards will increase by indeterminable amounts in FY17 and thereafter from repayment of TOPS awards if students lose eligibility, do not graduate, or do not live in the state for four years after graduation. The bill includes a two year lag between not meeting the bill's requirements and beginning repayment. There is no way to estimate the potential repayment amounts per the proposed legislation.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	<i>Evan Brasseaux</i> Evan Brasseaux Staff Director
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {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:

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Caps TOPS Awards - Proposed law provides the following, beginning with the 2016-2017 award year: (1) The amount awarded by the state to a student who is the recipient of any TOPS award shall be equal to the award amount established for each respective award for the 2015-2016 award year. (2) The legislature may, by law, increase the amount awarded in any given award year to a student who is the recipient of any TOPS award. (3) Any increase in award amounts granted by the legislature shall be established as the minimum amount to be awarded to a student who is the recipient of any TOPS award. (4) The amount awarded to a student who is the recipient of any TOPS award shall not be less than the amount paid for the previous award year. (5) Retains payment of the supplemental amounts established in present law for a recipient of a Performance or Honors award.

Use of TOPS Awards for Postgraduate Study - Proposed law provides that an otherwise qualified student who meets each of the following conditions may use the TOPS award to pursue a postgraduate academic degree at an eligible La. institution: (1) The student meets the initial eligibility requirements for an Opportunity, Performance, or Honors award. (2) The student first enrolled as a postsecondary student in and graduated from an out-of-state college or university accredited by a regional accrediting organization recognized by the U.S. Dept. of Education. (3) While enrolled in such a college or university, the student met all requirements for continuation of the initial award that would have been applicable had he been enrolled in a La. college or university. (4) The student graduated from high school during the 2010-2011 school year or thereafter. Provides that the amount of the tuition award shall not exceed the amounts determined by the administering agency to equal the tuition charged for the postgraduate study or for undergraduate full-time enrollment charged by the highest cost public college or university in the state, whichever is less. Provides that the student may continue to receive the award if he continues to meet all academic and other requirements for continued receipt of the award as applicable to an undergraduate, including any modifications of such requirements made by the administering agency as needed to apply such requirements to postgraduate study. Permits student to receive the award for not more than three academic years or the equivalent number of semesters or quarters; prohibits receipt of the award for a term that begins more than seven years after high school graduation.

Repayment of TOPS Awards Under Certain Circumstances - Proposed law provides that for an award recipient first enrolling in an eligible institution for or during the 2015-2016 academic year or thereafter, upon completion of a bachelor's or postgraduate degree, such former recipient of an award shall either reside in La for at least one year for each year of award he received or repay one year of award for each year he fails to meet this residency requirement. Requires any such recipient who loses eligibility to receive awards to repay amounts received. Proposed law requires that the former recipient repay amounts in the reverse order from that in which they were received and repay one year of awards within each calendar year until all awards have been repaid. Authorizes deferral of repayment for full-time students and those engaged in military service. Waives the repayment requirement for a recipient who completes a degree and works for at least four years in any of the following: government service including military service; for a La.-based company; or for a nonprofit organization. Proposed law authorizes the administering agency to promulgate rules necessary to implement proposed law, including provision for collecting amounts owed and interest on unpaid amounts.

Elimination of Authority of the LSU Board of Supervisors to Waive Academic Excellence Fees for Financial Hardship - Present law (R.S. 17:3351.3) authorizes the LSU board of supervisors (BOS) of LSU to assess an "academic excellence" fee in addition to any other tuition or attendance fees and charges established by the board. The bill removes authority of the LSU BOS to waive the academic excellence fee in cases of financial hardship.

(Expenditure Explanation Continued from Page One)

LOSFA was unable to develop cost estimates to meet the bill's administrative requirements. However, a similar bill in the 2014 Regular Legislative session included TOPS repayment requirements (HB 385). Information submitted to the LFO by LOSFA related to that bill indicates that LOSFA would require two additional staff and related costs to handle the TOPS repayment requirements per this bill including the following costs per year: \$249,000 in FY15 (includes \$67,000 in one-time computer programming costs and \$5,000 in one-time equipment purchases), \$182,000 in FY17, \$188,000 in FY18, and \$193,000 in FY19. However, the scope of repayments was more limited in HB 385 than in this bill, and HB 385 did not include tracking and repayments for graduates. As such, LOSFA's administrative costs associated with repayment requirements with this bill will likely be more than for HB 385 from 2014.

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