

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 414** HLS 18RS 369
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 12, 2018	8:57 AM	Author: IVEY
Dept./Agy.: LOSFA/TOPS		Analyst: Willis Brewer
Subject: Increasing TOPS GPA requirement to maintain eligibility		

TOPS EG DECREASE GF EX See Note Page 1 of 1

Raises grade point average required to maintain eligibility for the 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, including academic requirements pertaining to grade point average (GPA), ACT score, and core curricula. Also provides academic requirements for maintaining eligibility once enrolled in college, including maintaining full-time status and a minimum cumulative GPA. For students qualifying for an Opportunity Award, present law requires a minimum cumulative GPA of 2.30 after 24 credit hours of college credit and 2.50 after 48 credit hours. Proposed law increases these minimum GPA requirements from 2.30 to 2.50 and from 2.50 to 2.75. Proposed law is applicable to students graduating from high school during or after the 2017-18 school year. For students qualifying for a Performance or Honors Award, present law requires a minimum cumulative GPA of 3.00 at the end of each academic year. For students qualifying for a TOPS-Tech Award, present law requires a minimum cumulative GPA of 2.50. Proposed law retains present law. Effective 8/1/18

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$0	DECREASE	DECREASE	DECREASE	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

REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$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

EXPENDITURE EXPLANATION

The proposed law is anticipated to decrease state expenditures for the Taylor Opportunity Program for Students (TOPS) program as a result of increases to minimum grade point average (GPA) requirements. Assuming 12 credit hours per semester or 24 hours per year, the earliest savings could be realized is FY 20 for students that failed to achieve a cumulative GPA of 2.5 after 24 credit hours. Additional savings will be realized in FY 21 for the students that fail to achieve a cumulative GPA of 2.75 after 48 credit hours.

Based on FY 17 TOPS Opportunity recipients, there are 524 students whose cumulative GPA is less than 2.5 after 24 hours and 2,067 students whose cumulative GPA is less than 2.75 after 48 hours. Assuming the FY 18 average TOPS opportunity award amount (\$5,399) and these numbers remain constant, the savings in FY 20 would be \$2.9 M and \$14 M every year thereafter.

However, these projected savings do not account for a change in student behavior and students have 2 years to bring their cumulative GPA up to the amount required by statute before their award is permanently canceled. Therefore, it is reasonable to assume the student behavior is likely to change and that some number of students will regain their award. From FY 12 - FY 17, approximately 28% of the canceled awards were reinstated at one point in time. Assuming this average holds constant, this would reduce the estimated annual savings from \$14 M to \$10.1 M.

REVENUE EXPLANATION

The proposed legislation will have an indeterminable impact on post-secondary institutions' self-generated revenue. Potential loss of an Opportunity Award from the increased GPA requirements could reduce the number of students at four-year institutions and increase the number of students at two-year institutions which would impact SGR at the respective institutions. It cannot be determined whether these students will seek other payment sources (e.g. self-pay or loan) to retain enrollment.

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|---|----------------------------|--|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <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} |

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