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FISCAL IMPACT REPORT

SPONSOR Sharer/Burt/Diamond LAST UPDATED _____
ORIGINAL DATE 2/20/23
BILL _____
SHORT TITLE Opportunity Scholarship as Forgivable Loan NUMBER Senate Bill 481
ANALYST Jorgensen

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	Unknown	Unknown	Unknown			

Parentheses () indicate expenditure decreases.
*Amounts reflect most recent version of this legislation.

Sources of Information

LFC Files

Responses Received From
Higher Education Department (HED)

SUMMARY

Synopsis of Senate Bill 481

Senate Bill 481 amends the Opportunity Scholarship Act to convert the scholarship program to a forgivable loan program which *may* require a recipient to pay back the award in the event a recipient loses eligibility. Eligibility criteria include taking a minimum of six credit hours per semester and maintaining a 2.5 grade point average.

This bill does not contain an effective date, and as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed.

FISCAL IMPLICATIONS

Converting the opportunity scholarship program to a forgivable loan program will likely reduce overall program costs as fewer students apply for assistance and loans are repaid by students who were unable to maintain eligibility and graduate. However, there is no requirement for students to pay back loans which may result in no fiscal change. Additionally, the opportunity scholarship program does not yet have a full year of award data to draw from, adding significant uncertainty about the affect of the proposed change on the program. For these reasons, the fiscal impact is unknown.

SIGNIFICANT ISSUES

Under the provisions of SB481, HED would have discretion over setting the criteria for loan forgiveness. SB481 states “a scholarship is terminated and *may* be subject to repayment upon occurrence of:” [failure to remain enrolled in at least six credit hours per semester, failure to maintain a 2.5 grade point average or substantial noncompliance with the Opportunity Scholarship Act or rules promulgated pursuant to the Act]. This language would allow HED great discretion to change the terms of a loan award through the rule making process without going through the Legislature.

Converting the Opportunity Scholarship to a forgivable loan would require HED to enter into a contractual agreement with applicants. This would require additional staff time and may require the department to hire additional staff or contract with a vendor to provide these services.

CJ/ne/mg