

TOPS and Go Grants:

Louisiana’s Financial Aid Programs Reward Too Much Mediocrity and Provide Too Little for Those in Need

By: Tim Mathis

For Louisiana to grow and prosper, we need more people to attain the skills needed to participate in a competitive economy. Those skills generally require some form of a postsecondary education, whether at a technical college, community college, or a four-year university. Unfortunately, many Louisiana students cannot afford the cost of tuition at these institutions without some form of state support.

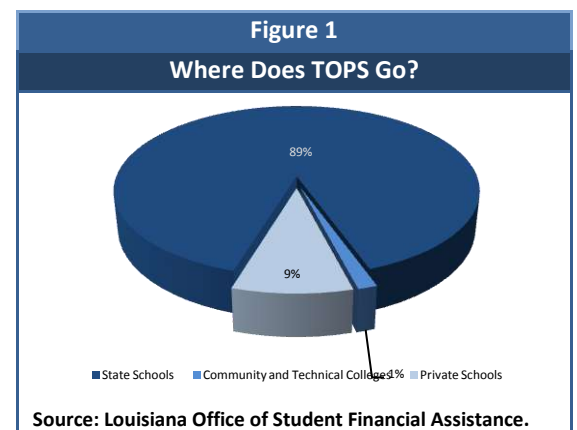
Through its TOPS program, Louisiana has been a leader in providing financial aid to higher-education students. However, due to policy changes in 1998, TOPS was transformed from a need-based program to a merit-based program, with much of the money going to those who need it least. Spending on need-based aid is considerably out of line with that of other states. The recently enacted Go Grant program, designed to provide more need-based assistance, has been chronically underfunded.

Legislators should strike a balance between funding TOPS and Go Grants so that taxpayer dollars maximize college attendance across all income levels. This can be accomplished by raising the merit requirements for TOPS and using the savings to fully fund Go Grants.

What Is TOPS?

TOPS, originally the Tuition Opportunity Program for Students, was renamed in 2008 the Taylor Opportunity Program for Students in honor of Patrick F. Taylor who founded an earlier scholarship program financed solely with personal funds. TOPS, administered by the Louisiana Office of Student Financial Assistance (LOSFA), is a scholarship program for post-secondary education in which qualifying students receive financial assistance for undergraduate tuition to Louisiana’s colleges and universities, public and private (Figure 1). To date, TOPS has been treated as an “entitlement” program, even though its primary funding is part of what is termed the “discretionary budget,” which means it is subject to being cut during periods of revenue shortfalls.* Despite its discretionary status, the legislature has never reduced TOPS awards and, to date, all who have qualified have received the benefit without regard to the condition of the state budget.

Students can qualify for a TOPS scholarship up to one year after high school graduation, and the scholarship lasts up to eight full-time semesters as long as certain grade point averages are maintained. Students may apply their scholarships to regionally accredited public, private, or for-profit colleges and universities in Louisiana.¹



* TOPS also receives funding through the Millennium Trust, established with tobacco-settlement monies, one-third of which is dedicated to TOPS. Last year, this covered over \$20 million, or 16.9 percent, of TOPS costs.

TOPS has four levels of financial assistance based on a student's previous academic achievement.

- **Opportunity Award**—Qualifying students receive a scholarship that covers full tuition at public schools and partial tuition for private schools. Requirements include a minimum 2.50 high school grade point average (GPA) based on a 4-point scale, 17.5 high school credits, and a score of 20 or higher on the American College Test (ACT). To renew the scholarship, students must maintain full-time status as well as attain at least a 2.30 GPA in the first academic year and a 2.50 GPA in subsequent years.² Last year approximately 60 percent of students who received TOPS qualified for the Opportunity Award.
- **Performance Award**—Qualifying students receive a scholarship that covers tuition at public schools and partial tuition for private schools. In addition, students receive a \$400 annual stipend for books, fees, and other expenses. Requirements include a minimum 3.00 high school GPA, 17.5 high school credits, and a score of 23 or higher on the ACT. To renew the scholarship, students must maintain full-time status as well as attain at least a 3.00 GPA at the end of each academic year.³ Approximately 23 percent of students who received TOPS qualified for the Performance Award last year.
- **Honors Award**—Qualifying students receive a scholarship that covers tuition plus an \$800 annual stipend. Like the Performance Award, it requires a minimum 3.00 high school GPA, 17.5 high school credits, but, in addition, requires a minimum score of 27 or higher on the ACT. Likewise, the renewal requirements involve maintaining full-time status as well as attaining at least a 3.00 GPA at the end of each academic year.⁴ Approximately 17 percent of TOPS-eligible students received an Honors Award last year.
- **Tech Award**—The Tech Award pays for tuition for any skill or occupational training program, mainly for students who attend schools that do not offer baccalaureate degrees. Requirements are the same as the Opportunity Award, except TOPS Tech Awards only require a score of 17 on the ACT.⁵ While students can use the scholarship at any eligible college or university, it only covers the average award of other technical colleges. Fewer than a thousand students, or one percent, received the Tech Award last year.

TOPS evolved from the Louisiana Honors Scholarship and the "Taylor Plan," the first state-funded, merit-based college tuition program in the country. In 1988, after speaking to a group of inner-city middle school students, Louisiana businessman Patrick F. Taylor proposed a scholarship to ensure that college attendance would be "based on the ability to learn, not the ability to pay."⁶ The Louisiana legislature adopted the Tuition Assistance Plan (TAP) in 1989, guaranteeing college tuition for low- and moderate-income students based on their academic achievements. TAP required that students earn a 2.5 GPA in a 17.5 unit college prep curriculum and a score of 18 on the ACT. Initially, TAP was available only to low- and moderate-income students. Family income was capped at \$25,000 for families with one dependent child, but allowed for an additional \$5,000 of family income for each additional child up to a maximum family income of \$35,000 (or, nearly \$62,000 in today's dollars). In 1997, the program was renamed TOPS and the income cap was removed. Thus, all qualifying students, regardless of family income, are eligible for TOPS scholarships.

Since 1998, the effective date of the 1997 legislative changes, annual expenditures have almost tripled, going from \$54 million in 1998 to a projected \$139 million in 2010. Approximately 42,000 students, or a third of all full-time students, now receive TOPS, and costs are projected to exceed \$152 million for the 2011-12 academic year. In the past twelve years, Louisiana has spent approximately \$1.25 billion on TOPS.

The rising cost of tuition and fees at Louisiana's colleges and universities has driven up the cost of TOPS. According to LOSFA, a one percent increase in tuition is roughly equivalent to a \$1 million increase in TOPS spending. In 1998, the average annual award was \$2,295. Last year, it was \$3,009, an increase of 31 percent, mirroring the increase in tuition and fees in Louisiana's four-year public universities. While Louisiana's college costs have not kept pace with inflation and are below the southern average, that is changing due to the latest round of legislatively approved tuition hikes. Average TOPS awards are projected to rise to \$4,315 by 2013, driving the annual cost of TOPS to \$177 million.

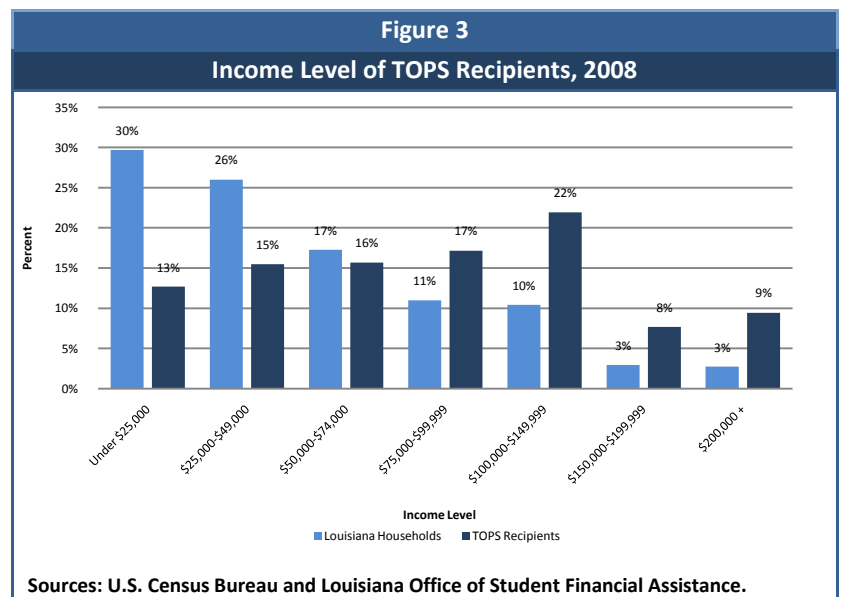
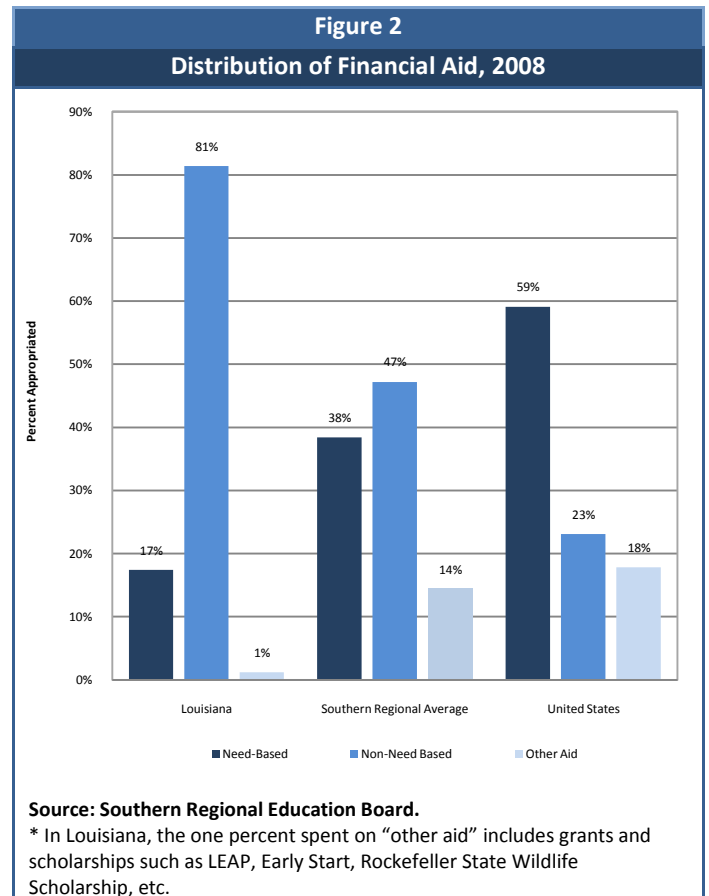
The Problem with Merit-Based Aid

Louisiana spends only 17 percent of state-provided student financial assistance on need-based grants, less than half the amount other southern states spend and less than a third of the national average. In contrast, 81 percent of financial aid is merit-based, which makes Louisiana out of line with both its regional and national peers (Figure 2). TOPS is the reason.[†] Although Louisiana is a relatively small state in terms of population, its merit-based financial aid program is the fifth most expensive in the country in actual dollars, behind Tennessee, South Carolina, Florida, and Georgia, *despite having tuition and fees significantly below the southern average*. In 2008, spending on TOPS came to \$28.11 for every man, woman, and child in Louisiana and \$607.89 for every undergraduate student, making it the fourth most expensive merit-based scholarship program—per capita—in the country.

Unlike the original Taylor Plan, TOPS primarily benefits students from middle- and upper-income families (Figure 3). Today, 72 percent of all TOPS recipients come from families that make \$50,000 or more per year, well over the median income for Louisiana; fully 39 percent come from families that make \$100,000 or more per year. This is a questionable allocation of scarce state resources in a state in which 56 percent of households make less than \$50,000 while only 16 percent make more than \$100,000.⁷

Since the income cap was removed from TOPS, the percentage of recipients from higher-income families has skyrocketed while the percentage of those from low- to moderate-income families has declined. These trends are found in other states with similarly large merit-based scholarship programs.

There is also evidence that students who can afford to attend college without financial aid will do so even without TOPS.⁸ Approximately 13 percent of students lose their TOPS award each year, generally due to poor grades or dropping below full-time status. Of those students, 77 percent go on to re-enroll in college and still graduate at a higher rate than non-TOPS students.⁹ This suggests that TOPS has a limited effect on their motivation and ability to attend college.



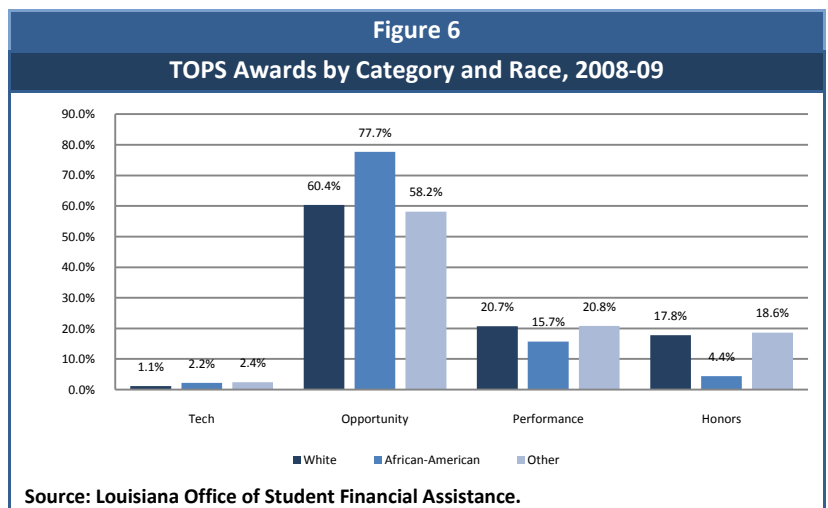
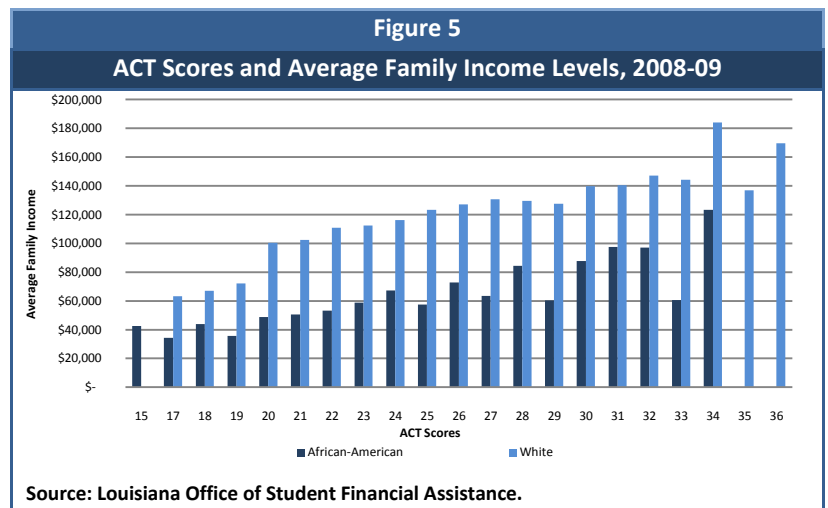
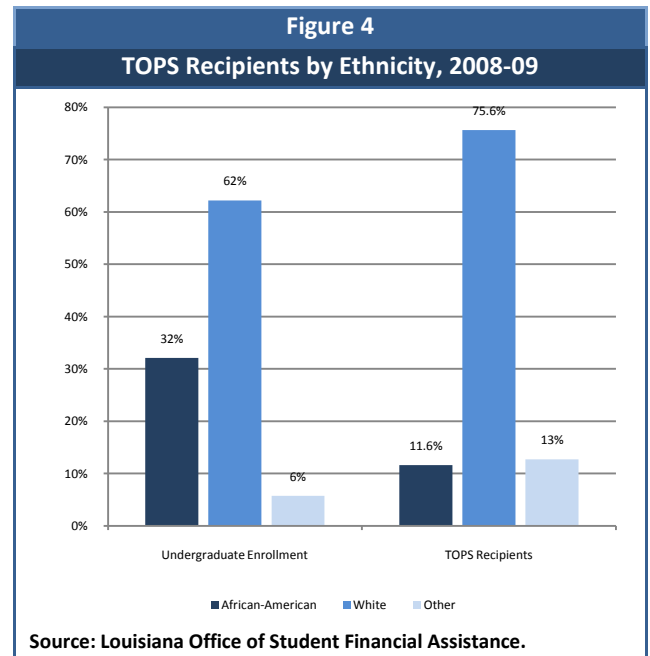
[†] TOPS is part of a movement among southern states that has seen financial aid funding shift from need-based programs to broadly available merit-based scholarships. Southern states account for 83 percent of all money spent on merit-based scholarships in the country.

A significant gap exists between white and minority educational achievement in Louisiana that results in a disproportionate percentage of TOPS awards, particularly the more generous Performance and Honors scholarships, going to white students. In its most recent Quality Counts grade report, Education Week magazine gave Louisiana’s public schools an “F” in “K-12 Achievement.” (Louisiana’s teaching profession received a “B,” suggesting that it is the system, not the teacher corps, that is failing Louisiana’s elementary and secondary school children.) The Center on Education Policy recently reported that, although the state’s public education system had made significant strides in narrowing the performance gaps in math and reading, African-American students are still underperforming white students by a significant degree.¹⁰ As a result, black students are less prepared for college and, consequently, fewer qualify for TOPS.

Thus, it is no surprise that, since the inception of TOPS, white recipients have outnumbered African-American recipients almost 7 to 1 despite the state’s actual population being only 2 to 1 (Figure 4).¹¹ This compares to a less than 3-to-1 black-white ratio (61% v. 23%) for TOPS’ predecessor program, TAP, which was need-based – more in line with Louisiana’s population.

Looking at student enrollments, although making up 62 percent of total enrollment, white students received 75 percent of the TOPS scholarships, despite a significantly greater need for financial assistance in African-American families. In Louisiana, 30 percent of African-American families live below the poverty level, a rate three times that of white families.

Recent research suggests that eligibility requirements for TOPS place too much weight on standardized test scores.¹² Because ACT scores are correlated with family income, students from higher income families, which in Louisiana are more likely to be white, typically perform better on the ACT and, thus, attain better TOPS awards (Figure 5). As shown in Figure 6, TOPS Opportunity Awards, the least generous category, consistently go to African-American students at a higher rate (77.7 percent) than white students (60.4 percent). Conversely, white students receive the more generous Honors Award at a rate four times higher (17.8 percent) than their African-American counterparts (4.4 percent).



Georgia's HOPE Scholarship

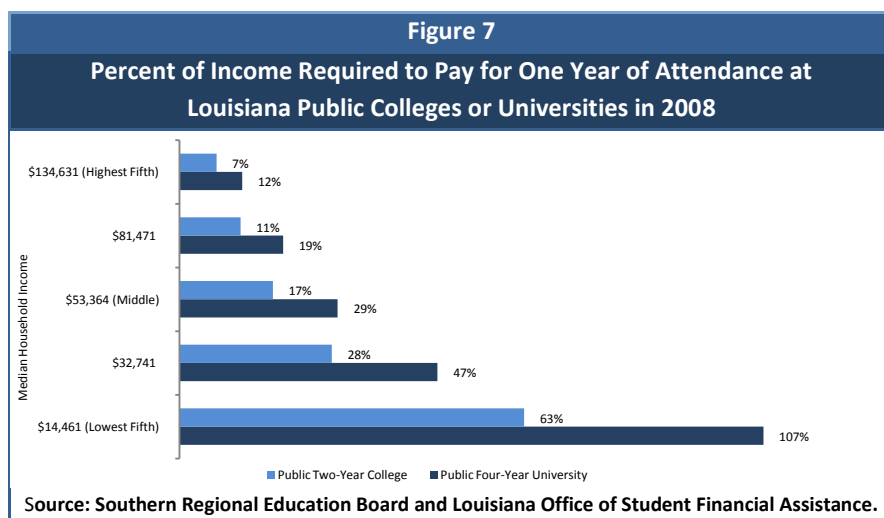
By far the largest state merit-based financial aid program in the country is the HOPE Scholarship (Helping Outstanding Pupils Educationally) in Georgia. Since its inception in 1993, the HOPE Scholarship has helped nearly 1.4 million Georgia students attain postsecondary degrees by covering full undergraduate tuition for in-state colleges and universities. In the 2009-10 academic year alone, Georgia spent over \$640 million on tuition and fees for nearly a quarter of a million students. Unlike TOPS, the HOPE Scholarship is mainly funded by revenues generated by the state lottery. Due to rising enrollment and a flagging economy, award expenditures are rapidly outstripping available funds. Putting the HOPE program on a sound financial footing will require significant policy changes. Options being considered include raising the minimum grade-point average to 3.50 (up from the current minimum of 3.00 GPA), eliminating stipends for fees and books, and ending payments for college remedial courses. The program faces criticism similar to TOPS, in that most awards go to students who can readily afford college.

Financial Barriers to Higher Education

Despite Louisiana's college tuition being lower than the regional and national averages, college costs have become an increasingly heavy burden on *all* Louisiana families in the past decade, rising from 6 percent of the median household income to nearly 10 percent.¹³ For students from poor families, the burden is much heavier. According to the most recent cost estimates from LOSFA, low-income households require 107 percent of their annual income to pay for one year of attendance at a Louisiana public four-year university (Figure 7).¹⁴

The situation will only get worse. A college degree will become less affordable due to the recently enacted GRAD Act, which allows institutions to raise tuition and fees up to five percent annually for the next two years and ten percent in 2012 – until the institution reaches the regional average. Proposals to further increase tuition to deal with the impending \$1.6 billion budget shortfall are also under consideration by higher education officials and the Jindal administration. Although the GRAD Act requires that universities offer hardship waivers for tuition and fee

increases to qualifying low-income students, it also requires that the institutions absorb the cost of these waivers at the same time that their budgets are being cut. In addition, the waivers are available only to students from families in the lowest income levels. For example, waivers for LSU's "Operational Fee" are available only to students whose families can provide "zero Expected Family Contribution," as determined in the financial aid application process.¹⁵ Therefore, higher education is becoming less affordable for all, those who qualify for TOPS and those who don't, but low-income students who are disproportionately African-American, are hit the hardest. Financially needy students who don't qualify for TOPS are left to rely on highly restrictive waiver programs that vary from college to college.



Go Grants—Louisiana’s Need-Based Aid Program

In 2007, the state inaugurated a new financial assistance program called Go Grants that is based on need rather than merit. Go Grants provide a tuition stipend designed to promote access to higher education for low-income and non-traditional students. Go Grants awards increased from 11,062 in the first year to a projected 27,560 in 2010-11. Much of that increase is due to the fact that the Go Grant program is in its fourth year, now accommodating a full cohort of students.

The Go Grants program was originally designed to bridge the gap between federal Pell Grants and a student’s cost to attend college. According to LOSFA, the average yearly cost to attend a Louisiana public four-year university in 2009 was \$15,514 for students who live on campus. For two-year colleges, the average cost of attendance was \$9,160. Even students who receive the maximum amount of Pell and Go Grants have considerable unmet financial need which Go Grants are designed to address (Table 1). On average, a full-time student at a four-year institution who qualifies for a maximum Pell Grant has an unmet financial need of \$6,168 at a four-year institution. With a fully funded Go Grant of \$2,000, that student would still need \$4,168 to attend college. According to LOSFA, fully funding the Go Grant program would cost \$55 million. In addition, Go Grants would be better protected if, like TOPS, the program was partially financed through the Millennium Trust Fund.

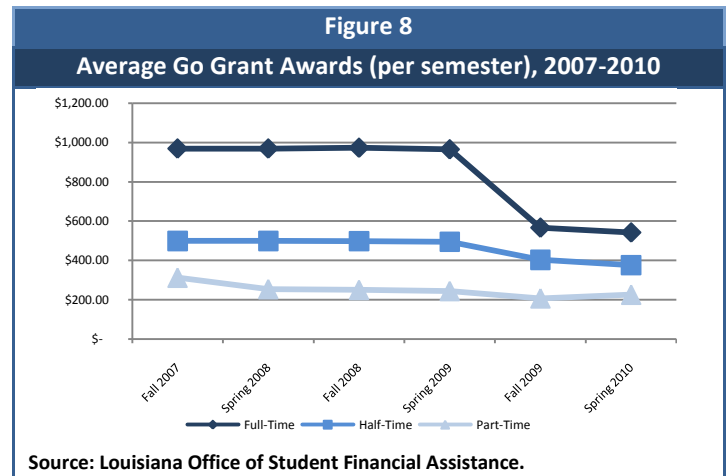
Go Grant awards are limited by law to a maximum of \$2,000 for full-time enrollment, \$1,000 for half-time, and \$500 for part-time, regardless of the cost of tuition and fees and regardless of students’ unmet financial needs. Determining eligibility for Go Grants is based on a formula that takes into account the family’s ability to contribute to the student’s college expenses, the cost to attend the particular institution, including tuition, fees, books, and supplies, room and board, transportation, and personal expenses, as well as any Pell Grant or other financial aid award for which the student is eligible (Table 2).

Unlike TOPS, which has always been fully funded by the Legislature, the Go Grants program has been chronically underfunded. As explained above, even with a maximum allowable Go Grant, students can have large, unmet financial needs. The chronic underfunding of the program exacerbates this problem (Figure 8). Go Grant awards are currently prorated to a maximum of \$900, \$450, and \$225. The size of individual awards is determined by the need-based formula, with full-time students receiving between \$200 and \$900.

Table 1 Go Grants Calculation	
Cost of Attendance	
- Expected Family Contribution	
= Financial Need	
- Aid and Resources (Pell Grants, TOPS)	
= Remaining Financial Need	

Table 2 Average Remaining Need without Go Grants, 2010-11		
	With Maximum Pell Award*	With Minimum Pell Award*
Four Year	\$6,168**	\$5,890
Two-Year	\$4,097	\$3,819
Technical	\$2,864	\$2,586

Source: Louisiana Office of Student Financial Assistance.
 * The maximum Pell Grant award is \$5550; the minimum is \$555.
 ** The average unmet financial need is higher for students receiving the maximum Pell Grant because their families have fewer financial resources available to pay higher education costs.



Conclusions and Recommendations

Compared to other southern states and to states nationally, Louisiana spends a disproportionately large share of its financial aid resources on those who can readily afford college while providing too little to those who need financial help in order to have a chance at a college education. Additionally, students from low-income and

minority backgrounds—those who have been traditionally underrepresented in Louisiana colleges and universities—are less likely to benefit from TOPS because of the poor preparation they receive from Louisiana’s public elementary and secondary education that results in their being unable to meet the qualification standards. To ensure that higher education remains accessible to all Louisianans, Louisiana needs to redirect its financial aid resources and to increase funding to its need-based financial aid program Go Grants.

Make TOPS into a truly merit-based scholarship. One of the original intentions behind merit-based scholarships, like TOPS, was to provide an incentive to “encourage academic excellence.”¹⁶ While *merit* is a loose term and eligibility requirements vary widely from state to state, Louisiana’s TOPS program rewards average academic performance more than merit. Most TOPS awards are at the Opportunity level, which requires only a minimum 2.50 GPA, equivalent to a C+, whereas Tennessee and Georgia require a 3.00 and Mississippi a 3.50. And Louisiana has been lowering the bar. In 2007, the legislature reduced the high school GPA requirement for TOPS Performance and Honors eligibility from 3.50 to 3.00, a basic B average. Even when measured by ACT scores, Louisiana is awarding below average students. The minimum qualifying ACT score – 20 – is below the national average ACT score of 21. The lowering of eligibility requirements for TOPS appears to have been the legislature’s attempt to make TOPS available to lower achieving students who are disproportionately minorities. Such a policy change ignored the fundamental problem with the current structure of TOPS – providing scholarships to average or even below average students who come from families that do not need financial assistance – while increasing the cost of the program.

Recommendations:

- Phase-in increased academic requirements for TOPS over a number of years.
- Phase-in a cap for TOPS awards that is equivalent to one-half of the tuition at the institution of choice beginning in 2011-12.

Prioritize need-based financial aid. Legislators should shift spending priorities to fund more need-based aid to bring the state in line with the southern regional average—or, more ambitiously, the national average, in which 60 percent of state-funded student financial assistance goes to need-based aid.

Louisiana’s experiment with need-based aid is creating more opportunities for Louisiana’s low-income students to attain a degree. Almost half of students receiving Go Grants are African-Americans. In 2007, the retention rate for students receiving Go Grants was 6 percentage points higher than for students who only received Pell Grants; in the next year, the figure rose to 8 percentage points. The value of a college education cannot be over-emphasized. A person who possesses a bachelor’s degree has a 40 percent higher earning potential than someone without a degree. By opening the doors to colleges and universities, higher education financial aid is in a unique position to address generational poverty. Low-income students are less likely to take the SAT/ACT, which is the gateway to higher education, less likely to apply for college, and less likely to enroll in a four-year college than their peers.¹⁷ A national survey found that concerns about college affordability have a significant impact on student behavior, and the mere *impression* that college is unaffordable discourages many from applying in the first place.¹⁸ Louisiana needs to shift its focus to funding need-based financial aid—as it was under the original Taylor Plan. Fully funding Go Grants would be a good start.

Recommendations:

- Maintain current year funding for Go Grants and increase them by a minimum of savings generated in the TOPS program.
- Make Go Grants partially funded through the TOPS Fund in the Millennium Trust to provide a protected source of funding and to put Go Grants on an equal footing with TOPS.

- Move state funding for TOPS and Go Grants out of the Board of Regents budget (where it distorts actual state support for higher education) back to the general budget, where it was prior to fiscal year 2009-10.

About the Louisiana Budget Project

The Louisiana Budget Project (LBP) provides independent, nonpartisan research and analysis of Louisiana fiscal issues and their impact on Louisiana families and businesses. We seek to bring wider prosperity to Louisiana through a deeper understanding of the state budget, broadening fiscal policy debates, and increasing public participation in decision-making. As part of the State Fiscal Analysis Initiative's 40 state budget projects that are coordinated by the national Center on Budget and Policy Priorities, we uphold a commitment to issuing work that is Credible, Timely, and Accessible.

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End Notes:

¹ *Louisiana Administrative Code*. Title 28, Part IV, § 301, 2010.

http://www.osfa.la.gov/MainSitePDFs/ProgramRules_PartIV.pdf

² "TOPS Opportunity Award." *Louisiana Office of Student Financial Assistance*.

http://www.osfa.la.gov/TOPS_O.htm

³ "TOPS Performance Award." *Louisiana Office of Student Financial Assistance*.

http://www.osfa.la.gov/TOPS_P.htm

⁴ "TOPS Honors Award." *Louisiana Office of Student Financial Assistance*.

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⁵ "TOPS Tech Award." *Louisiana Office of Student Financial Assistance*.

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⁶ "Taylor Plan History." *Patrick F. Taylor Foundation*.

<http://www.taylorplan.com/>

⁷ "B19001. Household Income in the Past 12 Months." *U.S. Census Bureau, 2008 American Community Survey 1-Year Estimates*.

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⁸ Heller, Donald E. "Research Report 4: State Financial Aid and College Access." *The College Board*. Washington, D.C.: The College Board, National Dialogue on Student Financial Aid. January, 2003.

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⁹ "TOPS Report." *Louisiana Board of Regents*. May, 2009.

<http://www.laregentsarchive.com/pdfs/TOPS/TOPSRPT09.PDF>

¹⁰ "Louisiana: Subgroup Achievement and Gap Trends." *Center on Education Policy – State Profiles 2008-09*.

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¹¹ "Ethnicity of TOPS Eligibles and Recipients by Academic Year." *Louisiana Office of Student Financial Assistance*. Data as of May 27, 2009.

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- ¹² Thurber, Frederick. *Does the Tuition Opportunity Program for Students (TOPS) Promote Access to Postsecondary Education for Students from Low-Income Families in Louisiana?* Diss. Louisiana State University, 2008. Baton Rouge, LSU Electronic Thesis and Dissertation Collection, 2008.
<http://etd.lsu.edu/docs/available/etd-05052008-102729/unrestricted/ftdissertation.pdf>
- ¹³ "Percent of Median Family Incomes Required to Pay Median Annual Tuition and Fees." *Southern Regional Education Board*. May, 2010.
http://info.sreb.org/DataLibrary/tables/FB52_53_54.xls
- ¹⁴ "LOSFA Presentation to Louisiana Postsecondary Education Review Commission." *Louisiana Office of Student Financial Assistance*. December 14, 2009.
- ¹⁵ "Hardship Exemptions." *LSU Financial Aid*.
<http://www.lsu.edu/departments/financialaid/AdditionalInfo/item20106.html>
- ¹⁶ *Louisiana Administrative Code*. Title 28, Part IV, § 701, 2010.
http://www.osfa.la.gov/MainSitePDFs/ProgramRules_PartIV.pdf
- ¹⁷ "The Rising Price of Inequality: How Inadequate Grant Aid Limits College Access and Persistence, June 2010." *Advisory Committee on Student Financial Assistance*. Washington D.C.: United States Department of Education, 2010.
<http://www2.ed.gov/about/bdscomm/list/acsfa/rpijune.pdf>
- ¹⁸ Green, Thomas C. "Financial Aid, Access, and America's Social Contract with Higher Education." *College and University*, Vol. 80, 2005.
http://www.aacrao.org/sem14/Green_WhitePaper.pdf