

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7007**

**BILL NUMBER: HB 1473**

**DATE PREPARED:** Jan 12, 1999

**BILL AMENDED:**

**SUBJECT:** National Guard Tuition Supplement Program.

**FISCAL ANALYST:** Mark Goodpaster

**PHONE NUMBER:** 232-9852

**FUNDS AFFECTED:  GENERAL  
 DEDICATED  
 FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill establishes the National Guard Tuition Supplement Program to: (1) induce qualified individuals to join and remain in the Indiana national guard while earning a college education; (2) increase the number of students entering state educational institutions; (3) encourage eligible students to attend state educational institutions by reducing the financial burden on the eligible students and their families; (4) increase individual economic vitality; and (5) improve the overall quality of life for many Indiana residents. It establishes the National Guard Tuition Supplement Program fund to: (1) provide the financial resources necessary to award the tuition scholarships authorized under the program; and (2) be administered by the state student assistance commission. It appropriates \$1,234,420 from the State General Fund to the National Guard Tuition Supplement Program Fund.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:** This bill could result in new expenditures through the National Guard Supplement and additional requests for funding under the Higher Education Award Program and Part Time Grant Program. Since students will first apply for assistance from the Higher Education Awards and the Part Time Program Awards before applying for the National Guard Supplement, of this proposal could increase the number of requests for funding from the Higher Education Awards and the Part Time Program if this bill would induce more members of the National Guard to enroll in college than are currently enrolling.

The specific amount will depend upon the number of persons who would apply for the supplement. This bill appropriates \$1,234,420 from the State General Fund to the National Guard Tuition Supplement Program Fund for the FY 1999 - 2001 biennium.

To estimate the costs of this program, the number of students who might apply for this fund are projected, the number of part time versus full time students are then estimated, and finally, the costs of this new program and the additional requests that might be made against the Higher Education Awards and Part Time Fund are then calculated.

**Estimating the Number of Students:** The current number of members of the National Guard are 14,000. While a specific number of soldiers who fit the profile of persons who do not have a college degree and would likely attend college is known, the adjutant general anticipates that roughly 1,000 persons would likely apply for the supplement. The estimated costs associated with this program are based on the assumption that the National Guard Supplement will pay for any tuition that would not be paid by the Higher Education Award or the Part Time Grant Program.

To estimate the costs associated with the National Guard Supplement, the following assumptions are made: In any given year, 1,000 students will apply for the supplement as first year students. Forty percent of the students from the first year will not apply in the second year but all of those who are offered an award will accept the award. In the third year, 30% of the second year students will not apply for the supplement. In the final year, 20% of those completing the third year will not apply for the supplement.

Over a four year period, the possible number of students who would be applying for the national guard supplement would be projected to level out after FY 2002.

**Projecting the Number of Students Who Would Make Claims to the National Guard Supplement:**

FY	First Year	2nd year	3rd year	4th year	Total Students
2000	1,000				1,000
2001	1,000	600			1,600
2002	1,000	600	420		2,020
2003	1,000	600	420	336	2,356
2004	1,000	600	420	336	2,356

**Part Time vs. Full Time:** Based on information obtained from the State Student Assistance Commission, it is anticipated that roughly 30% of the students will fit the full time traditional profile which assumes that the student would attend school full time and live in the home of a parent. The balance of these students (70%) are assumed to be independent students who work full time and attend school on a part time basis.

**Estimating Financial Aid:** The amount of financial assistance that students would have available depends on whether students are traditional or nontraditional students. Traditional students are almost always enrolled in college full time after high school, depend on a parent for financial support and are between 18 and 23 years of age. These students receive less in financial assistance under current practice. Because the National Guard Supplement will pay for any tuition that would not be paid by other sources, the amount that the National Guard Supplement will pay will be more than the Supplement will pay for nontraditional students. Nontraditional students are considered to be persons who are enrolled part time and over the age of 23.

For traditional students, SSACI assumes that with an annual tuition of \$3,233, the average higher education award will be \$1,250. The National Guard Supplement, which is intended to pay for the balance of the tuition, will be \$1,983.

For nontraditional students, SSACI estimates that the average tuition that would be paid by the nontraditional students would be \$1,923, the average tuition assistance award from the Part Time Grant Fund would be \$1,242 and the National Guard Tuition Supplement would be \$681.

Based on these assumptions, the following projections were made for the costs of the National Guard Supplement and the potentially additional requests for the Higher Education Act Awards and include a 5% annual increase in supplements:

**Estimating the Costs of the National Guard Supplement**

Fiscal Year	Traditional Students			Nontraditional Students			Total Costs
	# of Students	Nat'l Guard Supplement	Costs	# of Students	Nat'l Guard Supplement	Costs	
2000	300	\$1,981	\$594,180	700	\$681	\$476,700	<b>\$1,070,880</b>
2001	480	\$2,080	\$998,222	1120	\$708	\$500,535	<b>\$1,498,757</b>
2002	606	\$2,184	\$1,323,269	1414	\$737	\$525,562	<b>\$1,848,830</b>
2003	707	\$2,293	\$1,621,004	1649	\$766	\$551,840	<b>\$2,172,844</b>
2004	707	\$2,407	\$1,702,054	1649	\$797	\$579,432	<b>\$2,281,486</b>

*assumes an inflation factor of: 5%*

It is assumed that 10% of these students will enroll in college even if this bill would not become law. Consequently, it is assumed that 90% of the students will represent new requests for assistance from the Higher Education Awards and the Part Time Fund.

The added requests for the Higher Education Fund and the Part Time Fund could increase from \$1.3 million per year in FY 2000 to \$3.5 million per year by FY 2004.

As background, appropriations for the Higher Education Award Fund were \$59.1 million in FY 1998 and \$60.9 million in FY 1999. For the next biennium, SSACI is requesting \$65.2 million in FY 2000 and \$70.9 million in FY 2001. For the Part Time Grant Fund, \$5 million were appropriated in both FY 1998 and 1999. For the following biennium, SSACI is requesting \$5 million in FY 2000 and \$5.25 million in FY 2001.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana National Guard, State Student Assistance Commission

**Local Agencies Affected:**

**Information Sources:** George Buskirk, Adjutant General, Indiana National Guard, Nick Vesper, State Student Assistance Commission.