

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

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6571

BILL NUMBER: HB 1699

DATE PREPARED: Jan 19, 1999

BILL AMENDED:

SUBJECT: State assistance for postsecondary education

FISCAL ANALYST: Mark Goodpaster

PHONE NUMBER: 232-9852

FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that the percentage of enrolled students at colleges and universities in the state that receives higher education awards from the State Student Assistance Commission may annually exceed, by not more than five percent, the percentage of enrolled students at eligible postsecondary proprietary institutions that receives assistance grants. It provides for the transfer of money between funds to accomplish this requirement.

Effective Date: July 1, 1999.

Explanation of State Expenditures: Passage of this bill would transfer to the Postsecondary Proprietary Student Grant Fund a sufficient amount of funding so that the percentage of students enrolled in proprietary schools who receive funding from SSACI will not be less than 5% than the percentage of students who are enrolled in public and not for profit colleges and universities in the state.

Information on the financial status of students who are enrolled in proprietary schools is either limited or not publicly available. Consequently, it is assumed that the financial status of students who are enrolled in proprietary schools is similar to the financial status of students who are enrolled in public and not for profit colleges and universities. Recent information from SSACI indicates that between 40% and 50% of students who file for financial assistance are granted financial aid. Consequently, if the percentage of students who are enrolled in postsecondary proprietary schools is less than this 35% to 50% range, a portion of the higher education award monies would be transferred to the Postsecondary Proprietary Student Grant Fund.

Since the Postsecondary Proprietary Student Grant Fund receives no appropriation, some of the monies from the Higher Education Award will be transferred. The specific amount that would need to be transferred will depend on how many students would actually qualify for financial assistance.

To estimate how much money could be transferred, it is assumed that the percentage of students enrolled in

postsecondary proprietary institutions who qualify for the Higher Education Award would be the same as students enrolled in public and not for profit institutions. The Higher Education Fund is restricted to students who are enrolled full time. An estimated 5,530 students are enrolled full time in proprietary institutions and the average Higher Education Award is \$1,838. If between 35% and 50% of the proprietary students would qualify for the Higher Education Award, the additional requests that would be made against the Higher Education Fund would be between \$3.5 and \$5 million.

The following shows the amount of monies that have been appropriated or expended for the Higher Education Award Grant Fund:

FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
	expenditures		appropriations	
actual	actual	estimated	recommended	recommended
\$53,583,352	\$57,569,766	\$61,083,030	\$65,270,689	\$69,849,730

Depending on the additional students who would apply and the number of proprietary institutions that these students would attend, SSACI may also need additional staff to administer the Postsecondary Proprietary Grant Program and Fund. The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions (11 vacant positions as of December 31, 1998), including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Student Assistance Commission, Auditor of the State

Local Agencies Affected:

Information Sources: Nick Vesper, Commission on Postsecondary Proprietary Education, US Department of Education's Integrated Postsecondary Education Data System