

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

301 State House
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FISCAL IMPACT STATEMENT

LS 7124

BILL NUMBER: HB 1271

DATE PREPARED: Feb 18, 2000

BILL AMENDED: Feb 17, 2000

SUBJECT: Higher Education Financial Assistance

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FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) (A) This bill provides that the tuition exemption for children of certain veterans who attend state educational institutions exempts the child from the payment of mandatory instructional fees (rather than fees paid into the general fund of the institution).

(B) It requires the Commission for Higher Education, in consultation with the State Student Assistance Commission, to define "mandatory instructional fees".

(C) It adopts standard terminology to refer collectively to all state educational institutions.

(D) It adds provisions for considering other assistance when determining the amount of the higher education benefit for children of veterans and children and spouses of law enforcement officers killed in the line of duty. It specifies that mandatory instructional fees are covered by the assistance for children of veterans, children and spouses of law enforcement officers killed in the line of duty, and for national guard members.

Effective Date: July 1, 2000.

Explanation of State Expenditures: (Revised) *This bill will reduce the amount of discretionary funds at some of the state universities. This is because some universities collect a series of fees that are not deposited in the general fund. Other universities exempt these categories of students from paying these fees and absorb the loss of potential revenue by either reduced spending or higher fees on other students. However, this bill does not obligate the state general fund to reimburse the universities for any of the revenue loss that the universities might incur.*

For each of the three categories of students that are included in this bill - children of certain disabled veterans, children and spouses of law enforcement officers killed in the line of duty, and National Guard members - the State Student Assistance Commission would determine their benefits by subtracting the amount of Higher Education Award that they receive from their tuition and mandatory instructional fees. The number of students in these groups who apply for financial assistance rather than apply directly for the fee and tuition remission is not known and not expected to be significant.

The following table shows a current estimate of the reduction in fee revenues that universities might collect based on some assumptions of how the Commission for Higher Education defines what mandatory instructional fees might include. (See Provision B in summary of legislation).

	<u>revenue loss due to fee remission:</u>
Ball State	minimal revenue loss
Indiana State	\$0
Indiana University	\$1,399,628
Ivy Tech	\$0
Purdue University	\$125,000
University of Southern Indiana	between \$15,000 and \$93,000
Vincennes	not available

The university's general fund absorbs the costs of fee remissions. Universities must provide statutory remissions first; the remainder of the money is discretionary. As statutory requirements increase, the level of discretionary dollars decreases. To the extent that more fees would be remitted than under current law, then the universities would have less discretionary revenue available

The following provides additional information on these three categories of students.

Children of Certain Veterans: The Department of Veterans Affairs currently certifies the number of students who qualify for this fee remission.

The following table shows the number of students and amount of awards in FY 1998 and FY 1999 which state-supported institutions either report or estimate they will incur under the current Children of Disabled Veterans statute. As the table shows, the average award that students receive varies considerably from campus to campus.

	1997-98 (actual)			1998-99 (estimated)		
	<u>students</u>	<u>amount</u>	<u>avg. award</u>	<u>students</u>	<u>amount</u>	<u>avg. award</u>
Ball State	489	\$1,046,915	\$2,141	495	\$1,120,199	\$2,263
Indiana State	218	\$400,609	\$1,838	225	\$430,000	\$1,911
Indiana University	2,000	\$2,995,787	\$1,498	2,000	\$3,181,193	\$1,591
Ivy Tech	1,592	\$1,188,493	\$747	1,765	\$1,317,975	\$747
Purdue University	814	\$1,840,935	\$2,262	854	\$1,941,800	\$2,274
University of Southern Indiana	209	\$249,728	\$1,195	209	\$251,137	\$1,202
Vincennes	<u>190</u>	<u>\$219,958</u>	<u>\$1,158</u>	<u>200</u>	<u>\$250,000</u>	<u>\$1,250</u>
Statewide Totals	5,512	\$7,942,425	\$1,441	8,356	\$8,492,304	\$1,016

Children and Spouses of Law Enforcement Officers Killed in the Line of Duty: Indiana University and Purdue University report that eight students are enrolled in their systems and qualify for this fee remission. The total fee remissions for these eight students is approximately \$17,049. No other students are receiving this tuition exemption at any of the other universities.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Commission for Higher Education, State Student Assistance Commission, state institutions of higher education

Local Agencies Affected:

Information Sources: Table VIII of State Appropriation Requests for 1999-2001 for Indiana University, Ball State University, Indiana State University, Indiana University, Ivy Tech, Purdue University, University of Southern Indiana, Vincennes University.