

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

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6234

BILL NUMBER: HB 1407

DATE PREPARED: Nov 13, 1999

BILL AMENDED:

SUBJECT: Higher education LIFE Scholarship Program.

FISCAL ANALYST: Mark Goodpaster

PHONE NUMBER: 232-9852

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: This bill establishes the Indiana Lifelong Learning Incentive for Excellence (LIFE) scholarship program to provide scholarships to Indiana residents for postsecondary education. It provides for administration of the program by the State Student Assistance Commission. It sets forth the amount of a scholarship award, subject to appropriations of the General Assembly. It provides eligibility criteria for potential recipients to meet.

Effective Date: July 1, 2000.

Explanation of State Expenditures: This bill would increase requests for student awards under this program and administrative costs for the State Student Assistance Commission (SSACI). The following analysis illustrates the possible costs of funding this program.

Student Awards: The scholarships that would be awarded would depend on the institution that the student attends.

- Students attending public universities would receive actual tuition, approved mandatory fees, and a maximum book allowance of \$300 per year.
- Students attending private not for profit institutions would receive an amount equal to the average tuition at the four postsecondary state institutions in Indiana having the highest tuition, the average mandatory fees of these four institutions, and a maximum book allowance of \$300 per year.
- Students attending a for profit private proprietary institution would receive an amount equal to the tuition at Ivy Tech State College, average mandatory fees charged at Ivy Tech, and a maximum book allowance of \$300.

The estimated awards based on fees reported to the Commission on Higher Education are shown in the table below.

<u>Type of Institution</u>	<u>Scholarship</u>	<u>Maximum Book Fee</u>	<u>Total Life Scholarship Award</u>
Public Universities	\$3,307	\$300	\$3,607
Private Not For Profit Institutions	\$3,834	\$300	\$4,134
Proprietary Institutions	\$1,986	\$300	\$2,286

The estimated costs associated with the LIFE scholarship is shown in the table below:

	<u># of residential students</u>		<u>% with B avg. or better</u>		<u># of eligible students</u>		<u>LIFE Scholarship Award</u>		<u>Estimated Costs To State General Fund</u>
Public Universities	92,131	x	36%	=	33,167	x	\$3,607	=	\$119,633,369
Private Not For Profit	16,782	x	50%	=	8,391	x	\$4,134	=	\$34,688,394
Proprietary Institutions	5,523	x	43%	=	2,375	x	\$2,286	=	\$5,429,250
Total Requests									\$159,751,013

Based on the number of eligible students, the additional requests for student awards would be \$159 M in FY 2001. The combined appropriations for the Higher Education Awards, the Freedom of Choice Awards and the 21st Century Scholars awards for FY 2001 is \$107 M. Assuming that these three awards would be applied first, and that this scholarship will be applied afterward, the potential demand for student awards resulting from this bill could be \$52 M. The amount of awards available would depend on appropriations.

Administrative Costs: SSACI estimates that passage of this bill would affect SSACI in three areas.

Added Staff -- SSACI would need three additional staff members for a combined \$130,000 to handle the additional students, school audits and business relations. 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 (ten vacant positions as of October, 1999), 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.

Mailing Costs -- SSACI would incur an average \$4 for each additional student who would be eligible for the LIFE scholarship and who is not included in its current data base.

Computer Programming Costs: SSACI indicates that to implement the LIFE Scholarships, it would have to contract with computer consultants to redesign the necessary computer code.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Student Assistance Commission, State Universities.

Local Agencies Affected:

Information Sources: Nick Vesper, State Student Assistance Commission, Commission on Higher Education, US Department of Education's Integrated Postsecondary Education Data System.