

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

301 State House
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FISCAL IMPACT STATEMENT

LS 6470
BILL NUMBER: SB 399

DATE PREPARED: Dec 29, 1999
BILL AMENDED:

SUBJECT: Scholarships for academic honors.

FISCAL ANALYST: Mark Goodpaster
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FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill establishes the Indiana Honors Diploma Higher Education Award as a scholarship program for persons domiciled in Indiana who: (1) graduate from a public or private high school with an Indiana honors diploma; and (2) attend a public or private nonprofit institution of higher learning in Indiana on a full-time or part-time basis. It provides eligible students with a scholarship award in an amount (subject to the availability of appropriations) equal to 50% of the educational costs at public universities in Indiana, less an adjustment for money awarded to the student under other state higher education award programs. It provides for administration of the program by the State Student Assistance Commission. It appropriates from the State General Fund a sufficient amount to Provide Honors Diploma Higher Education Awards.

Effective Date: July 1, 2000.

Explanation of State Expenditures: *This bill makes an appropriation sufficient to provide Honor Diploma Higher Education Awards. It is projected that this program would need \$10.4 million for FY 2001. In future years, the amount of the awards is subject to the availability of funds appropriated.*

The State Student Assistance Commission (SSACI) estimates that 65% of the 13,310 academic honors students who are projected to graduate in 2000 will attend a college or university in Indiana. Consequently, 8,652 college students could qualify for this scholarship in the first year. Of those attending college in Indiana, SSACI estimates that 45% will attend a state university while 55% will choose a private university.

Because the level of the Academic Honors Award is determined by subtracting awards from other SSACI programs that students receive, these students are divided into three groups for analysis purposes: (a) students not eligible for the Academic Honors Award because the money that they receive from SSACI either equals or exceeds the Academic Honors Award, (b) students eligible for a partial award because they qualify for some financial assistance from SSACI that is less than Academic Honors Award, and (c) students eligible

for the full award because they receive no assistance from SSACI. Other SSACI programs include the Higher Education Program, the Freedom of Choice Program, the Hoosier Scholar Award Program, and the Minority or Special Education Teacher Scholarship or a Nursing Scholarship.

Of those attending a state university, SSACI estimates that 60% will qualify for the Full Academic Honors Award, 32% will receive a partial award and 8% will receive no award. Using \$1,777 as the full award for FY 2001, the cost of this award for students attending state universities is \$4.6 M.

For students attending a private institution, SSACI estimates that 60% will qualify for the Full Academic Honors Award, 10% will receive a partial award and 30% will receive no award. Using \$1,864 as the full award for FY 2001, the cost of this award for students attending state universities is \$5.7 M.

In addition, the State Student Assistance Commission estimates that it will need an additional \$100,000 for computer programming in the first year to administer the program.

The program would take four years to reach maturity where there will be four cohorts of students receiving awards. The following table illustrates the potential funding requirements between FY 2001 and FY 2004. In future years, the ongoing costs of the program will depend on tuition increases and any additional increase in students who earn an academic honors diploma and enroll in institutions of higher education in the state. Again, appropriations are subject to availability from the General Fund.

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Cost of Awards				
for state university students	\$4,640,750	\$9,828,435	\$14,221,933	\$18,399,436
for independent college students	<u>\$5,686,336</u>	<u>\$10,324,516</u>	<u>\$14,656,617</u>	<u>\$18,776,017</u>
	\$10,327,086	\$20,152,951	\$28,878,550	\$37,175,453
Administrative Costs				
one time programming costs	\$100,000			
publicity and other administrative functions (increased 3.5% annually)	<u>\$ 35,000</u>	<u>\$36,225</u>	<u>\$37,493</u>	<u>\$38,805</u>
	<u>\$10,462,086</u>	<u>\$20,189,176</u>	<u>\$28,916,043</u>	<u>\$37,214,258</u>

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

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

Local Agencies Affected: School corporations

Information Sources: Nick Vesper, State Student Assistance Commission.