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**MEMORANDUM**

**TO:** President Robert Stivers, Co-Chair  
Speaker David W. Osborne, Co-Chair  
Legislative Research Commission

**FROM:** Senator Matthew Deneen, Co-Chair  
Representative Bobby McCool, Co-Chair  
Lottery Trust Fund Task Force

**SUBJECT:** Task Force Recommendations

**DATE:** November 2, 2023

The Lottery Trust Fund Task Force convened six times during the 2023 Interim to:

- Review the recent budgetary trends and the various uses of the lottery trust fund;
- Evaluate the performance of the various scholarship and grant programs funded by the lottery trust fund;
- Review KRS 154A.130 for any recommended changes;
- Analyze the scholarship and grant needs expected for the Commonwealth for the immediate future; and
- Compare the current system with other states' scholarship and grant programs.

The task force received testimony from the Kentucky Higher Education Assistance Authority, the Kentucky Lottery Corporation, the Kentucky Council on Postsecondary Education, the Kentucky Community College and Technical System, the Kentucky Association of Student Financial Aid Administrators, Kentucky Adult Education, the Association of Independent Kentucky Colleges and Universities, the Southern Regional Education Board, the National Association of State Student Grant Aid Programs, the Kentucky Center for Statistics, and public school counselors and staff.

Upon considering the testimony and information provided, the task force recommends the General Assembly should consider legislation that:

1. Provides additional funding for expanding access and awards for the Work Ready Kentucky Scholarship, the Teacher Scholarship Program, and the Kentucky Educational Excellence Scholarship;
2. Provides funding to the Kentucky Higher Education Assistance Authority to support additional marketing that coordinates with the Kentucky Lottery and outreach to promote postsecondary access through Kentucky's student aid programs;
3. Simplifies and better coordinates the dual credit and the work ready dual credit programs found in KRS 164.786 and 164.787 to improve administration;
4. Amends KRS 164.787 to provide expanded opportunities for the use of the Work Ready Kentucky Scholarship beyond the current list of eligible institutions and establishes guardrails to ensure those opportunities are beneficial for students meeting workforce demands;
5. Amends KRS 164.787 to require
  - a. A biennial review, in alignment with the budget cycle, of the five high-demand workforce sectors; and
  - b. Collaboration between the Kentucky Workforce Innovation Board, the Education and Labor Cabinet, the Council on Postsecondary Education, the Kentucky Higher Education Assistance Authority, and the Kentucky Center for Statistics;
6. Amends KRS 154A.130 governing the lottery trust account to align the allocation language to conform with the allocations provided for in the 2022-2024 budget;
7. Promotes or requires completion of the Free Application for Federal Student Aid (FAFSA); and
8. Authorizes a multi-year study to be submitted to the Legislative Research Commission in anticipation of the 2026 Regular Session that:
  - a. Projects the impact upcoming changes to the FAFSA have on the state's need-based grant programs and other student aid programs and the future budgetary costs to the Commonwealth;
  - b. Calculates the financial impact of Kentuckian's failures to complete the FAFSA and provides a recommendation on how a FAFSA completion requirement may best be implemented;
  - c. Analyzes all the assorted student aid programs established in statute, including the Kentucky National Guard Tuition Award Program and the Teacher Scholarship Program, for alignment to specific workforce goals, outcomes that include credential completion and persistence, efficient use of resources, effectiveness in serving underserved populations and geographic areas, and coordination with federal student aid programs to develop a proposed collection of student aid programs that best serve the Commonwealth;
  - d. Identifies four-year degree programs within the five high-demand workforce sectors that could be targeted for future expansion of the Work Ready Kentucky Scholarship; and
  - e. Evaluates the impact of recently-implemented Kentucky gaming options on student financial aid funding from lottery revenues.

In accordance with the memorandum establishing the Lottery Trust Fund Task Force, the task force submits these recommendations to the Legislative Research Commission for consideration. These recommendations are based solely on the testimony provided to the task force during the 2023 interim and do not include independent research from Legislative Research Commission staff. The memorandum serves as the final work product for the task force.

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