

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2015 REGULAR SESSION**

**MEASURE**

2015 BR NUMBER **1046**

**SENATE** BILL NUMBER **110**

RESOLUTION NUMBER \_\_\_\_\_

AMENDMENT NUMBER \_\_\_\_\_

**SUBJECT/TITLE** **An ACT relating to the Kentucky Educational Excellence Scholarship and making an appropriation therefor.**

**SPONSOR** **Senator Max Wise**

**NOTE SUMMARY**

FISCAL ANALYSIS:  IMPACT     NO IMPACT     INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT:  STATE     LOCAL     FEDERAL

BUDGET UNIT(S) IMPACT: **Kentucky Higher Education Assistance Authority (KHEAA)**

FUND(S) IMPACT:  GENERAL     ROAD     FEDERAL     RESTRICTED AGENCY \_\_\_\_\_     OTHER

**FISCAL SUMMARY**

| <b>FISCAL ESTIMATES</b> | <b>2014-2015</b> | <b>2015-2016</b> | <b>ANNUAL IMPACT AT FULL IMPLEMENTATION</b> |
|-------------------------|------------------|------------------|---|
| <b>REVENUES</b>         |                  |                  |   |
| <b>EXPENDITURES</b>     |                  | \$12,000,000     | \$17,000,000                                |
| <b>NET EFFECT</b>       |                  | (\$12,000,000)   | (\$17,000,000)                              |

( ) indicates a decrease/negative

**MEASURE'S PURPOSE:** SB 110 allows high school seniors in 2015-2016 and seniors and juniors beginning in 2016-2017 to utilize their earned KEES awards to assist in paying tuition for up to six credit hours of a dual credit program or career and technical courses required for an industry-recognized certificate or licensure program.

**PROVISIONS/MECHANICS:** The measure amends KRS 164.7881 to permit high school seniors, beginning with the 2015-2016 academic year, and high school juniors and seniors, beginning with the 2016-2017 academic year, to use their KEES awards to pay for dual credit courses; requires that the funds they would have received as eligible postsecondary students be reduced proportionally over a four, or in some cases, five year period by an amount equal to the amount used for dual credit; amends KRS 164.7885 to conform; designates the expenditures as necessary governmental expenses if KEES funds appropriated for fiscal years 2016 and 2017 are not adequate and makes an appropriation.

**FISCAL EXPLANATION:** SB 110 would extend KEES award eligibility to dual credit courses taken by high school seniors and juniors. The measure is phased in providing the benefit to seniors beginning in academic year 2015-16, and juniors and seniors in academic year 2016-17 and thereafter.

KHEAA conservatively estimates that the immediate impact would be an increase in KEES expenditures of approximately \$12 million in FY 2106 and approximately \$23 million in FY 2017 as juniors become eligible as well.

Thereafter, the long-term increase to KEES expenditures would decline due to proportionate reductions to participating students' awards stabilizing at approximately \$17 million by the fifth year (FY 2020). Estimates of future costs will be substantially impacted by student participation rates and future decisions on tuition rates by postsecondary institutions.

**DATA SOURCE(S):** LRC Staff; KHEAA

**PREPARER:** Perry Papka **NOTE NUMBER:** 19 **REVIEW:** GMR **DATE:** 2/11/2015