

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2016 REGULAR SESSION**

MEASURE

2016 BR NUMBER **1372**

SENATE BILL NUMBER **127**

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

FISCAL ESTIMATES	2015-2016	2016-2017	2017-2018	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES				
EXPENDITURES			\$12,000,000+	\$17,000,000+
NET EFFECT			(\$12,000,000)+	(\$17,000,000)+

() indicates a decrease/negative

MEASURE’S PURPOSE: SB 127 amends KRS 164.7881 to permit high school seniors, beginning with the 2017-2018 academic year, and high school juniors and seniors, beginning with the 2018-2019 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; and designates the expenditures as necessary governmental expenses if KEES funds appropriated for fiscal year 2017-2018 is not adequate.

PROVISIONS/MECHANICS: Kentucky Educational Excellence Scholarship (KEES) is an incentive based scholarship program that allows Kentucky high school students to earn awards for good grades, scoring well on the ACT/SAT, for low-income students, and bonus awards for Advanced Placement and for International Baccalaureate (IB) exam scores. High school graduates may use their KEES award at a Kentucky postsecondary institution, renewable for up to four years. This program is administered by the Kentucky Higher Education Assistance

Authority (KHEAA). Under current law, in order to obtain a KEES award, students must attend high school in Kentucky.

This measure expands the KEES award to high school seniors beginning with the 2017-18 academic year or a high school junior or senior beginning with the 2018-19 academic year. In addition, the student must be enrolled in a dual credit program or a career or technical course required for an industry-recognized certificate or licensure program. The amount used to pay for tuition shall not exceed the total KEES award amount earned at the time of enrollment in the course(s).

The KEES award maximum shall be reduced by proportionally applying any amount used while in high school over eight academic terms or ten academic terms for a student enrolled in a 5 year undergraduate degree program.

Use of a KEES award shall not affect the length of time and number of academic terms during which an eligible postsecondary student may receive a KEES award.

FISCAL EXPLANATION: KEES is fully funded from the lottery and restricted funds (unclaimed lottery proceeds).

KHEAA reports that the average aid amount in FY 2015 was \$1,545 per student. The annual aid amount distributed in FY 2015 totals \$107,716,000.

KHEAA's conservative estimate is that this bill would increase KEES expenditures greater than \$12,000,000 in 2017-18 and as much as \$23,000,000 in 2018-19 as juniors are added. This cost would expect to stabilize at more than \$17,000,000 annually at full implementation. The numbers given are just taking into consideration the dual credit course enrollments and not the cost of students enrolled in career or technical courses. Estimates of future costs will be substantially impacted by student participation rates and future decisions on tuition rates by postsecondary institutions.

Any additional funds that flow to KEES may reduce the allocations to Kentucky Tuition Grant Program (for private college students based on need) and College Access Program Grants (based on need), the Teacher Scholarship Program, and the Kentucky National Guard Tuition Award Program as all of these aid programs are funded by the lottery.

DATA SOURCE(S): Kentucky Higher Education Assistance Authority

PREPARER: Jennifer Krieger **NOTE NUMBER:** 46 **REVIEW:** JRS **DATE:** 1/27/2016