

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2017 REGULAR SESSION**

MEASURE:

2017 BR NUMBER 0254

HOUSE BILL NUMBER 62

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE: An ACT relating to Kentucky educational excellence scholarships and declaring an emergency.

SPONSOR: Representative Schamore

NOTE SUMMARY:

FISCAL ANALYSIS: IMPACT NO IMPACT INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT: STATE LOCAL FEDERAL

BUDGET UNIT(S) IMPACT: _____

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

FISCAL SUMMARY:

FISCAL ESTIMATES	2016-2017	2017-2018	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES			
EXPENDITURES	\$782,700	\$830,000	\$877,400
NET EFFECT	(\$782,700)	(\$830,000)	(\$877,400)

() indicates a decrease/negative

MEASURE'S PURPOSE: BR0254 amends the Kentucky educational excellence scholarship (KEES) program to award KEES money to high school graduates enrolled in a registered apprenticeship program. This money would be used for reimbursement of tuition, books, required tools, and other approved expenses required for participation in the apprenticeship program.

PROVISIONS/MECHANICS: BR0254 creates a new section of KRS 164.7871 to KRS 164.7885 to add high school graduates enrolled in a registered apprenticeship program to those that may receive funds from the KEES program.

BR0254 expands KEES benefits to a small group of gainfully employed individuals that the bill uniquely defines as KEES-eligible by modifying the current statutory definition of KEES eligibility in KRS 167.7881 and the provision that the KEES-eligible education be provided by KEES participating institutions. It also removes the requirements for academic achievement accountability for those participating in the apprenticeship program by substituting the requirements of a registered apprenticeship program as defined in KRS Chapter 343.

FISCAL EXPLANATION: KEES is funded through the Kentucky Lottery. KHEAA reports that the average annual aid amount in FY 2016 was \$1,578 per student. Assuming each student participating in the apprenticeship program would not have used KEES funding otherwise, KHEAA's estimate is that this bill would increase expenditures by \$782,700 in FY 2017 and \$877,400 in FY 2019.

The most basic cost estimate of any program expansion is simply the number of newly created additional eligible recipients multiplied by the average financial benefit. Based upon 15 years of historical data on registered apprentices provided by the Kentucky Labor Cabinet, Division of Employment Standards, Apprenticeship, and Mediation, KHEAA provides the following projections of the number of apprentices expected in the listed age range. These ages were selected because BR0254 (1)(4)(a) stipulates the expiration of eligibility to use KEES for registered apprentices is five (5) years from the date of high school graduation. Most individuals graduate from high school in Kentucky between 17 and 19 years of age. The five-year termination of eligibility would then be between the ages of 22 and 24.

**Projection: Registered KY
Apprentices By Age**

AGE	2017	2018	2019
17	2	2	2
18	48	51	54
19	80	85	90
20	76	80	85
21	79	84	89
22	76	81	85
23	71	75	80
24	64	68	71
Age Range Total	496	526	556

Source: KHEAA & KY Department of Labor

Multiplying the average KEES disbursement by the expected number of 17 to 24 year olds in the apprenticeship program yields the estimated fiscal impact of BR0254. For example, in FY 2017, the program is expected to have 496 participants. Multiplying by the average KEES award results in a cost of \$782,700. By FY 2019, the expected cost would be \$877,400 due to an increase in participants to 556.

Any additional funds that flow to KEES may reduce allocations to Kentucky Tuition Grant Program (for private college students) 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 Kentucky Lottery. KEES is fully funded from the Kentucky Lottery and Restricted Funds (unclaimed Kentucky Lottery proceeds).

DATA SOURCE(S): Kentucky Higher Education Assistance Authority, Kentucky Labor Cabinet
PREPARER: Jennifer Krieger **NOTE NUMBER:** 2 **REVIEW:** JRS **DATE:** 12/13/2016