

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2018 REGULAR SESSION**

MEASURE

2018 BR NUMBER **1288**

HOUSE BILL NUMBER **453**

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE **An ACT relating to postsecondary education benefits.**

SPONSOR **Representative Moore**

NOTE SUMMARY

FISCAL ANALYSIS: IMPACT NO IMPACT INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT: STATE LOCAL FEDERAL

BUDGET UNIT(S) IMPACT: **Public Postsecondary Institutions; Vocational Training Institutions**

FUND(S) IMPACT: GENERAL ROAD FEDERAL RESTRICTED AGENCY Tuition and Fees OTHER

FISCAL SUMMARY

FISCAL ESTIMATES	2017-2018	2018-2019	2019-2020	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		\$20.45m	\$20.45m	\$20.45m
EXPENDITURES				
NET EFFECT		(\$20.45m)	(\$20.45m)	(\$20.45m)

() indicates a decrease/negative

MEASURE'S PURPOSE: This measure decreases the postsecondary institution matriculation or tuition fees waiver for spouses and children of disabled veterans to a 70 percent or above disability evaluation from the current 100 percent rating. Each student eligible for this waiver or the following tuition and fee waivers must complete a Free Application for Federal Student Aid (FAFSA) to determine the state and federal need and eligibility level; "last dollar" waived tuition and fees cannot exceed tuition and mandatory fee costs less any state or federal grants first received. Other resident students that must follow the revised tuition and fee waiver requirements are:

- Nonremarried Spouse (Regardless of Age), Children, Stepchildren, or Orphans (Under Age Twenty-Six (26)) of Veterans Killed in Action;
- Persons Sixty-Five (65) Years of Age and Older;
- Survivors of Police Officers, Firefighters, or Volunteer Firefighters Killed in the Line of Duty;
- Child or Spouse of Disabled Police Officers, Firefighters, and Volunteer Firefighters;
- Foster and Adopted Children;
- Faculty and Staff at Postsecondary Institutions

Council on Postsecondary Education requirements are removed to provide postsecondary educational institution and state/locally operated secondary area technology center tuition waivers for full-time faculty/staff employees.

PROVISIONS/MECHANICS: Section 1 amends KRS 164.515 to decrease the disability evaluation of disabled veterans to a 70 percent or above disability evaluation from the current 100 percent rating for the postsecondary institution matriculation or tuition fees waiver for spouses and children; requires student to complete the FAFSA for state and federal financial aid need and eligibility determination; and requires waived tuition amount not to exceed the cost of institutional tuition and mandatory fees less any state or federal grants, credited first to the student tuition and fees.

Section 2 amends KRS 164.284 to require a state resident student that is 65 years of age or older to complete the FAFSA for state and federal financial aid need and eligibility determination; and requires waived tuition amount not to exceed the cost of institutional tuition and mandatory fees less any state or federal grants, credited first to the student tuition and fees.

Section 3 amends KRS 164.2841 to require children or non-married widow or widower survivors of state resident police officers, firefighters, and volunteer firefighters killed in the line of duty to complete the FAFSA for state and federal financial aid need and eligibility determination; requires waived tuition amount not to exceed the cost of institutional tuition and mandatory fees less any state or federal grants, credited first to the student tuition and fees; and removes cash scholarship application procedures.

Section 4 amends KRS 164.2842 to require children or spouses of state resident disabled police officers, firefighters, and volunteer firefighters to complete the FAFSA for state and federal financial aid need and eligibility determination; and requires waived tuition amount not to exceed the cost of institutional tuition and mandatory fees less any state or federal grants, credited first to the student tuition and fees.

Section 5 amends KRS 164.2847 to require a state foster or adopted child to complete the FAFSA for state and federal financial aid need and eligibility determination; requires waived tuition amount not to exceed the cost of institutional tuition and mandatory fees less any state or federal grants, credited first to the student tuition and fees; and removes language regarding student financial assistance from other sources.

Section 6 amends KRS 164.507 to require the nonremarried spouse, regardless of age, child, stepchild, or orphan, under 26 years old, of a deceased veteran to complete the FAFSA for state and federal financial aid need and eligibility determination; requires waived tuition amount not to exceed the cost of institutional tuition and mandatory fees less any state or federal grants, credited first to the student tuition and fees; and removes cash scholarship application procedures.

Section 7 amends KRS 164.020 to remove faculty/staff required tuition waivers at postsecondary educational institutions and state/locally operated secondary area technology centers.

FISCAL EXPLANATION: This measure has no projected fiscal impact upon General Fund expenditures, but has a positive revenue impact upon the Postsecondary Institutions/University restricted funds during the 2018-2020 biennium. Considering an estimated restricted funds - tuition and fees total revenue increase of \$25.45 million, total tuition waiver eliminations for existing faculty and staff at postsecondary institutions generate additional revenue of \$21.5 million, together with a projected 50 percent estimated decrease in utilization of other waiver programs. A waiver revenue decrease of \$5 million, associated with the proposed spouse/children of disabled veterans (70%), creates a net projected revenue increase of \$20.45 million, annually.

Tuition/Fee Waiver Program	Total Waiver Amount (Est.)	HB 453 Waiver Amount (Est.)	HB 453 Net Projected Revenue
• Spouse/Children of Disabled Veterans (100%)	\$ 4.8 m	\$ 4.8 m	
• Children/Stepchildren of Veterans Killed in Action	\$ 0.5 m	\$ 0.25 m	
• Persons Sixty-Five (65) Years of Age and Older	\$ 2.3 m	\$ 1.15 m	
• Survivors of Police Officers and Firefighters Killed in the Line of Duty	\$ 0.5 m	\$ 0.25 m	
• Child or Spouse of Disabled Police Officers, Firefighters, and Volunteer Firefighters	\$ 0.6 m	\$ 0.3 m	
• Foster and Adopted Children	\$ 4.0 m	\$ 2.0 m	
• Faculty/Staff at Postsecondary Institutions	\$ 21.5 m	\$ 0 m	
TOTAL - Current Waiver Amounts	\$ 34.2 m	\$ 8.75 m	\$ 25.45 m
• Spouse/Children of Disabled Veterans (70%)			(\$ 5.0) m
NET - Projected Revenue - HB 453			\$ 20.45 m

The revenue decrease of \$5 million annually is associated with the additional waivers for spouse and children of disabled veterans at 70 percent or above disability evaluation. With current tuition waiver requirements utilized at 100 percent, FY 2017 U.S. Department of Veterans Affairs - Compensation and Pension Report data reflects an average cost per student of \$7,124 (Total Cost - \$2,892,286/406 Student Waivers). Currently at a 4.5 percent utilization rate, based on a total 9,582 resident eligible veterans with 431 veterans receiving disability compensation, an additional 15,705 veterans at 70-90 percent disability level at an estimated 4.5 percent utilization rate projects 707 annual waivers. An average cost of \$7,124 for 707 waivers is \$5 million. Projections of net resources and future revenues are dependent upon the variances of each waiver group population.

DATA SOURCE(S): Council on Postsecondary Education; Kentucky Commission on Military Affairs; U.S. Department of Veterans Affairs website data.

PREPARER: Joe L. Lancaster, Jr. **NOTE NUMBER:** 73 **REVIEW:** JAB **DATE:** 3/9/2018