

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2022 REGULAR SESSION**

**MEASURE**

2022 BR NUMBER 1346

HOUSE BILL NUMBER 234

**TITLE** AN ACT relating to the Kentucky Educational Excellence Scholarship program.

**SPONSOR** Representative William Lawrence

**FISCAL SUMMARY**

STATE FISCAL IMPACT:  YES  NO  UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY:  ACTUARIAL ANALYSIS  
 LOCAL MANDATE  CORRECTIONS IMPACT  HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: Kentucky Higher Education Assistance Authority

FUND(S) IMPACTED:  GENERAL  ROAD  FEDERAL  RESTRICTED Kentucky Educational Excellence Scholarship Fund

FISCAL ESTIMATES	2021-2022	2022-2023	2023-2024	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES			Indeterminable	Indeterminable
EXPENDITURES		Indeterminable	Indeterminable	Appropriations will adjust accordingly
NET EFFECT		(Indeterminable)	(Indeterminable)	

( ) indicates a decrease/negative

**PURPOSE OF MEASURE:** This measure modifies the definitions regarding the Kentucky Educational Excellence Scholarship (KEES) program that is administered by the Kentucky Higher Education Assistance Authority (KHEAA) to expand the program to include qualifying proprietary schools and removes the requirement for participating institutions to be eligible to participate in the federal Pell Grant program.

**FISCAL EXPLANATION:** This measure will have an indeterminable and potentially significant fiscal impact to the existing KEES program beginning in fiscal year (FY) 2023. The KEES program is primarily funded with General Fund lottery revenues and is budgeted to provide scholarship awards to approximately 71,000 recipients in each fiscal year of the 2022-2024 biennium.

HB 234 will expand participation in the KEES program by modifying the definition of participating institution to include qualifying proprietary schools. Based on the provisions of the measure there could be more than 160 newly eligible participating institutions in the KEES program. The number of newly eligible participating institutions, the total population of students

that would be eligible per existing statute, and the student's enrollment status (full-time or part-time) are currently unknown and are needed to determine a fiscal impact.

During FY 2021 the average KEES award was \$1,685 and the program had 70,566 recipients. The KEES program has statutory requirements for continued participation in the scholarship program based on cumulative grade point average (GPA). It is unknown how many of the newly eligible participating institutions keep track of GPA as some programs provided for are hours-based. Other factors, including enrollment status (part-time or full-time) can also impact scholarship awards to recipients as award amounts can be proportionately modified. For example, if the KEES program were expanded to increase participation by 1 percent (706 new recipients) the estimated impact based on the average award amount would be \$2.4 million for a two-year program.

In addition to expenditures, KHEAA may see additional revenues in the future from the return of prior year KEES scholarship awards based on compliance audits. It is not anticipated that these revenues will cover the expanded programming costs required by KHEAA to perform these compliance audits to ensure institutions are adhering to required statutes and regulations. KHEAA has stated that the programming costs required for the expansion of KEES would be significant.

**DATA SOURCE(S): Kentucky Higher Education Assistance Authority**

**PREPARER: Savannah Wiley NOTE NUMBER: 61 REVIEW: JAB DATE: 3/16/2022**