

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

**MEASURE**

2022 BR NUMBER 274

HOUSE BILL NUMBER 85

**TITLE** AN ACT relating to dual credit scholarships.

**SPONSOR** Representative Chris Freeland

**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 Dual Credit Scholarship Fund and Work Ready Scholarship Fund

FISCAL ESTIMATES	2021-2022	2022-2023	2023-2024	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		Restricted Funds: (\$385,000)	Restricted Funds: (\$385,000)	Appropriations will adjust accordingly
EXPENDITURES		General Fund: \$5,000,000	General Fund: \$4,975,000	Appropriations will adjust accordingly
NET EFFECT		(\$5,385,000)	(\$5,360,000)	

( ) indicates a decrease/negative

**PURPOSE OF MEASURE:** This measure modifies the Dual Credit Scholarship Program administered by the Kentucky Higher Education Assistance Authority (KHEAA) to increase the dual credit tuition rate ceiling, removes language related to successful course completion, codifies enacted budget language to expand the Dual Credit Scholarship Program to include the dual credit component of the Work Ready Kentucky Scholarship program, modifies allowable courses, makes technical corrections, changes reporting requirements, and modifies statute to conform.

**FISCAL EXPLANATION:** This measure will have a significant fiscal impact to the existing Dual Credit Scholarship Program across multiple fund sources beginning in fiscal year (FY) 2023. Both the Dual Credit Scholarship Program and the dual credit component of the Work Ready Kentucky Scholarship Program are primarily funded with General Fund lottery revenues. A summation of the fiscal impacts is provided below.

**Dual Credit Tuition Rate Ceiling Modifications**

The dual credit tuition rate ceiling is the maximum per credit hour amount that can be charged by participating institutions for a dual credit course and is the determining factor, in conjunction with the number of courses, for Dual Credit Scholarship Program awards. House Bill 192 from

the 2021 Regular Session, the enacted Executive Branch Budget Bill, suspends existing statute to increase the dual credit tuition rate ceiling to two-fifths of the per credit hour tuition amount charged by the Kentucky Community and Technical College System (KCTCS). This measure will codify within statute an increase to the dual credit tuition rate ceiling to one-half of the per credit hour tuition amount charged by KCTCS. The differential created by increasing the dual credit tuition rate ceiling from two-fifths to one-half is anticipated to increase expenditures for scholarship awards by \$3.8 million in FY 2023 and \$4 million in FY 2024.

#### Dual Credit Course Modifications

This measure codifies existing Executive Branch Budget Bill language to the extent that the Dual Credit Scholarship Program is expanded to be inclusive of the dual credit component of the Work Ready Kentucky Scholarship Program and sets the maximum number of courses eligible for the Dual Credit Scholarship Program at ten courses. HB85 changes the combination of eligible courses from what is currently in the enacted Executive Branch Budget Bill.

Currently, the Dual Credit Scholarship Program provides for two career and technical education dual credit courses per academic year and two general education dual credit courses over the junior and senior years, for a maximum of ten dual credit courses. This measure will provide for two career and technical education dual credit courses per academic year during the freshman and sophomore years and three general education or career and technical education dual credit courses, in any combination, per academic year during the junior and senior years, for a maximum of ten dual credit courses. The difference created by this measure is timing (awards will come sooner in the junior and senior years), and more general education courses will likely be covered (from a maximum of two to the potential of six). These changes will not only impact the administration of the program but also increase participation and the number of scholarships provided.

The Dual Credit Scholarship Program and the dual credit component of the Work Ready Kentucky Scholarship Program are anticipated to provide awards to over 38,000 and 12,000 recipients during FY 2023, respectively. Although the maximum award of ten dual credit courses remains the same, the mix of dual credit courses will change. KHEAA has also stated that their existing technical programming would have to be significantly modified to track changes related to additional general education dual credit courses. The fiscal impact of providing additional general education dual credit courses is anticipated to increase KHEAA's expenditures by \$1.2 million in FY 2023 and \$975,000 in FY 2024 for additional scholarship awards and programming costs.

#### Successful Completion Modifications

This measure removes the statutory requirement for participating institutions to return 50 percent of scholarship award funds for unsuccessful completion of dual credit coursework. By removing this requirement, KHEAA will see decreased revenues from the return of awards. Based on the average of the last three fiscal years, which includes the impact of a global pandemic, across both impacted scholarship programs the fiscal impact is anticipated to be a decrease of \$385,000 in revenue.

**DATA SOURCE(S):** KHEAA

**PREPARER:** Savannah Wiley **NOTE NUMBER:** 53 **REVIEW:** JAB **DATE:** 2/21/2022