

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7063

BILL NUMBER: HB 1550

NOTE PREPARED: Jan 10, 2023

BILL AMENDED:

SUBJECT: Educational Costs Exemption.

FIRST AUTHOR: Rep. Judy

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that an eligible applicant is entitled to enter, remain, and receive instruction in an Approved Postsecondary Educational Institution (APEI) upon the same conditions, qualifications, and regulations prescribed for other applicants for admission to or scholars in the APEI without the payment of any educational costs for a certain number of credit hours at the APEI. This bill provides that the maximum amount that an eligible applicant is exempt from paying for a semester hour is an amount equal to, if the applicant enrolls in an APEI, the cost of an average of an undergraduate semester credit hour at all State Educational Institutions (SEIs) not including Ivy Tech Community College, as determined by the Commission for Higher Education (CHE).

Effective Date: July 1, 2023.

Explanation of State Expenditures: *Children and Spouses of Veterans and Public Safety Officers Cost Exemptions* – This bill allows an eligible applicant to use a Children and Spouses of Veterans and Public Safety Officers (CVO) tuition exemption at an APEI, which will result in an increase in annual program costs of between \$500,000 and \$1 M in FY 2024 and \$1 M and \$2 M in FY 2025.

Additional Information: If the CVO program is utilized at APEIs at the same rate (approximately 27%) as Indiana undergraduates attend those institutions, approximately 1,300 undergraduate recipients of CVO exemptions would shift from SEIs to APEIs, resulting in a potential increase in expenditures of up to \$3.8 M. This increase would result from the difference between actual benefits paid under the CVO program (\$6,300) and the average price of tuition at SEIs (\$9,200), which is the basis on which the benefit would be paid at an APEI. Actual increases may be less than \$3.8 M annually, and the total change is likely to take place over at least four years due to student enrollment deadlines and the tendency of students to remain at

an institution once they have enrolled. As a result the net effect of this policy change will not be observed during this biennium.

Commission for Higher Education – This bill allows cost exemptions under the CVO program to be utilized at APEIs. This will significantly expand the number of institutions at which a cost exemption can be applied and will create an additional workload for the CHE. Existing staffing and resource levels, if currently being used to capacity, may be insufficient for full implementation. The additional funds and resources required could be supplied through existing staff and resources currently being used in another program or with new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions.

Explanation of State Revenues: *State Educational Institutions* – Up to 1,300 undergraduate recipients of CVO exemptions could shift from SEIs to APEIs in the four years following this bill's implementation. This will not necessarily result in decreased revenue to those institutions, assuming there is sufficient demand to for other students to attend those SEIs, but net decreases may occur as a result of this bill. Tuition revenue is retained by SEIs but decreases in tuition may increase the need for state funding in the future.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Educational Institutions; Commission for Higher Education.

Local Agencies Affected:

Information Sources: Seth Hinshaw, Commission for Higher Education; Integrated Postsecondary Education Data System.

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