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FISCAL IMPACT STATEMENT

LS 6865
BILL NUMBER: HB 1001

NOTE PREPARED: Jan 23, 2024
BILL AMENDED: Jan 22, 2024

SUBJECT: Education and Higher Education Matters.

FIRST AUTHOR: Rep. Goodrich
FIRST SPONSOR: Sen. Raatz

BILL STATUS: As Passed House

FUNDS AFFECTED: GENERAL
 DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: *Career Scholarship Accounts (CSA):* This bill provides that an annual grant amount awarded under the CSA may be used for costs related to obtaining a driver's license if certain conditions are met. It provides that a CSA annual grant amount may not be used for the purchase or lease of a motor vehicle. It also changes certain CSA application time frames from seven days to 30 days.

Higher Education Grants and Scholarships: The bill allows the recipient of a:

- (1) Higher Education Award;
- (2) Freedom of Choice Grant; or
- (3) Scholarship under the Twenty-first Century Scholars Program;

to apply the award, grant, or scholarship to the cost of training by an approved intermediary, employer, or labor organization. The bill also allows certain recipients of a scholarship under the Twenty-first Century Scholars program to apply the scholarship to the cost of a sequence, course, apprenticeship, or program of study provided by a CSA participating entity. The bill also provides maximum annual amounts and maximum aggregate amounts of an award, grant, or scholarship.

Commission for Higher Education (CHE): This bill requires CHE to:

- (1) create a list of intermediaries, employers, and labor organizations approved to receive reimbursement from a:
 - (A) Higher Education Award;
 - (B) Freedom of Choice Grant; and
 - (C) Scholarship under the Twenty-first Century Scholars Program; and
- (2) establish requirements or limitations with regard to reimbursements.

State Educational Institutions (SEIs): The bill requires each SEI to provide certain information regarding degrees, degree completion, faculty members, administrative support staff, costs, salaries, and debt loads to CHE. It also requires CHE to prepare longitudinal analysis regarding certain data.

Department of Education Higher Education Data: The bill requires each private postsecondary educational institution and each out-of-state public and nonprofit degree granting institutions that offers instructional or educational services or training in Indiana to provide to the Department of Education information to carry out certain reporting requirements and requirements related to the Indiana Graduates Prepared to Succeed dashboard. It also allows for the revocation of an out-of-state public or nonprofit degree granting institution's authorization if the institution fails to provide the information.

Employer Training Grant Program: The bill adds teaching to the employment sectors eligible for the Next Level Jobs Employer Training Grant Program.

Effective Date: July 1, 2024; July 1, 2025.

Explanation of State Expenditures: Summary - The bill's provisions allowing the recipients of the Frank O'Bannon Grant or the Twenty-first Century Scholarship to apply the award amount to the cost of receiving training would have an indeterminate, but likely small, impact on state expenditures in FY 2026. The net impact is dependent upon a number of factors that are described in more detail below. Those provisions would result in a workload increase for CHE in FY 2026, but may require additional staff if utilization increases substantially over time.

Additionally, adding teaching to the employment sectors eligible for the Employer Training Grant Program could increase expenditures for the program up to the amount appropriated for the program beginning in FY 2025. CHE and state educational institutions (SEIs) would experience workload increases from other provisions in the bill that would be dependent upon administrative decisions made by CHE. Finally, the bill's provisions regarding utilization of CSA Program account funds to obtain a driver's license may result in minor workload increases for the Department of Education and the Treasurer of State.

Additional Information -

Financial Aid for Training: Beginning in FY 2026, the bill allows recipients of the Frank O'Bannon Grant or the Twenty-first Century Scholarship to apply the award amount to the cost of receiving training by an approved intermediary, employer, or labor organization instead of the educational costs of a postsecondary educational institution. Additionally, the Twenty-first Century Scholarship can be used by students that have or had an account in the CSA Program to pay the expenses of finishing a course, sequence, apprenticeship, or program of study they had started. The bill specifies that a recipient of a Frank O'Bannon Grant or Twenty-first Century Scholarship who uses the award for training cannot receive an award that exceeds what they would have received if they had used the award at a higher education institution in a given year or in aggregate. The provisions are likely to increase Frank O'Bannon and Twenty-first Century Scholarship expenditures. The impact would be dependent upon a variety of factors, including but not limited to:

1. The number of students that would want to utilize financial aid for training, course, sequence, program of study, or apprenticeship completion.
2. The portion of the students described above that was eligible for the Twenty-first Century Scholarship or meet CHE's requirements for the use of the Frank O'Bannon Grant.
3. The cost of the training pursued.
4. The number of students that would have used a Frank O'Bannon Grant or Twenty-first Century

Scholarship for higher education that would, under the bill, choose instead to use it to get training. The difference in cost between the training and higher education could result in a state expenditure decrease that would offset, to some extent, the increase from more students taking advantage of the Frank O'Bannon Grant or Twenty-first Century Scholarship.

5. Any future impacts on the Outcomes-Based Performance Funding formula distributions from decreased enrollment in SEIs as students choose to get training instead of attending an SEI.

It is likely that there will be limited utilization of the bill's provision allowing the grants and scholarships to be used for training in FY 2026. As student awareness increases and employers, intermediaries, and labor organizations expand their training programs, participation is likely to increase over time.

Commission for Higher Education: The bill requires CHE to:

1. Create a list of employers, labor organizations, and intermediaries that can receive reimbursement from a Frank O'Bannon Grant or Twenty-first Century Scholarship and establish requirements and limits on reimbursements.
2. Develop a process to approve the employers, labor organizations, and intermediaries for reimbursement.
3. Complete a longitudinal analysis on various costs at each SEI, financial aid awarded to students, and a comparison of the price of attending SEIs with national data.
4. Prescribe the manner and form by which SEIs must report certain data required by the bill. [See *State Educational Institutions* below for additional information.]

Additionally, the bill allows CHE to establish requirements or limitations on students using Frank O'Bannon or Twenty-first Century Scholarships for training or completing a CSA entity's course, program, sequence, or apprenticeship. These requirements would likely be completed with existing staff and resources. However, if utilization of the Frank O'Bannon Grant or the Twenty-First Century Scholarship for training grows over time, dedicated staff may be necessary in the future.

State Educational Institutions (SEIs): Beginning in FY 2025, the bill requires SEIs to collect and report information to CHE on students pursuing and completing each degree offered by the SEI, certain student and SEI staff counts within degree programs, student cost by degree program, post-graduation salary by degree, SEI administrator and instructor salary, and student debt data. Some of the data required may not currently be collected at the granularity specified in the bill. However, the bill gives CHE the authority to describe the manner and form by which the information is collected, and CHE may be able to utilize its existing data collection infrastructure and projects to collect some of the data required in the bill. The workload increase for SEIs will be dependent upon decisions made by CHE.

Employer Training Grant Program: The bill will expand the pool of eligible employers for the Employer Training Grant, which could increase expenditures for the program up to the amount appropriated for the program beginning in FY 2025. The annual appropriation for the Employer Training Grant is \$17.1 M in FY 2024 and FY 2025. The Employer Training Grant reimburses employers in eligible sectors for employee training costs. The Department of Workforce Development administers the Employer Training Grant and could experience a minor workload increase. In CY 2020, the program received additional funding from federal CARES Act dollars which temporarily expanded the program. In FY 2023, program expenditures were below the appropriated amount.

CSA: The bill allows CSA participants to claim the cost to obtain a driver's license as an allowable expense if the student demonstrates hardship. The Department of Education and Treasurer of State would experience

