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FISCAL IMPACT STATEMENT

LS 6865
BILL NUMBER: HB 1001

NOTE PREPARED: Mar 4, 2024
BILL AMENDED: Feb 29, 2024

SUBJECT: Education and Higher Education Matters.

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

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: *Education Scholarship Account (ESA) Eligibility:* This bill amends the definition of "eligible student" to include a sibling of a student with a disability with regards to the ESA program. It also provides that the sibling may not use the ESA account for certain ESA qualified expenses.

ESA and Career Scholarship Account (CSA) Participating Entities: The bill amends certain requirements regarding ESA and CSA participating entities regarding providing evidence of unencumbered assets.

CSA Applications: The bill changes certain CSA application time frames from 7 days to 30 days.

Training Grant Program and Fund: This bill establishes the Training Grant Program and Fund to provide training grants to eligible applicants. The bill provides that the Commission for Higher Education (CHE) shall administer the fund. It provides the qualification requirements for an eligible applicant. The bill also allows CHE to provide reimbursement of training cost incurred by intermediaries, employers, and labor organizations under this program. The bill provides that the program applies in each state fiscal year in which the General Assembly makes appropriations for training grants.

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 institution 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 expands the Education Scholarship Account (ESA) program eligibility to include siblings of ESA participants. That provision could increase expenditures, but any impact is likely to be small. The bill also adds teaching to the employment sectors eligible for the Employer Training Grant program, which 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. Last, the bill specifies that in fiscal years in which the General Assembly makes appropriations for training grants, the Training Grant Program and Training Grant Fund would be established and administered by CHE. The bill does not make an appropriation.

Additional Information -

ESA Program: While state expenditures would likely increase due to the provision, the impact on state expenditures is likely to be small and is dependent upon where those students would have attended school without the eligibility changes provided by the bill. [State expenditures would decrease if students who would have attended a public school who switch to the ESA program. State expenditures would increase if students who would have been homeschooled or attended a nonpublic school without a Choice Scholarship switch to the ESA program.]

Under current law, the ESA program allows students with a disability who meet an income requirement and who enroll in a nonpublic school to receive a grant that is equal to 90% of the student's home school corporation's per-student Basic Tuition Support Grant for the previous fiscal year. Additionally, if the student chooses to receive special education services from an entity other than the student's home school corporation, the student would be eligible to receive the Special Education Grant the student's home school corporation would have received for the student. FY 2023 was the first year the program enrolled students. As of November 21, the TOS reports that 431 students are participating in the program in FY 2024, up from 143 students in FY 2023. State expenditures for those students is about \$5 M. TOS can use up to \$500,000 for administration of the program, bringing the program cost to an estimated \$5.5 M in FY 2024. Based on enrollment changes in other states that have programs similar to an ESA program, the number of students will likely increase over the next few years.

Commission for Higher Education: The bill requires CHE to:

1. 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.
2. Prescribe the manner and form by which SEIs must report certain data required by the bill. [See *State Educational Institutions* below for additional information.]

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, ratios involving faculty, student, and administrator counts, 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.

Training Grant Program and Fund: The Training Grant Program and Training Grant Fund would only be established and administered by CHE with an appropriation from the General Assembly, and the bill does not provide an appropriation. The bill also specifies that the maximum award for a program participant cannot exceed the amount CHE sets for Frank O'Bannon Grants for students attending Ivy Tech.

Explanation of State Revenues: *ESA Qualified Expenses:* Under current law, students are able to carry over up to \$1,000 of unused ESA funds in their accounts from one school year to the next. Unused funds that exceed that threshold are reverted back to the General Fund. Additionally, upon graduation, any amount still in the program account is reverted back to the General Fund. The bill expands the list of qualified expenses to include curricular materials. This could increase the portion of ESA funds that are used by account holders, and thus reduce the reversions to the General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues: Public school revenue from state tuition support could decrease under the bill as students who were ineligible for the ESA program become eligible for the ESA program under the bill and switch to a nonpublic school. The number of students that would switch to the ESA program is likely to be small and dependent in part on the appropriation for the ESA program, as that will limit the number of students that can participate in the program.

State Agencies Affected: Commission for Higher Education; Department of Education; Department of Workforce Development; Treasurer of State.

Local Agencies Affected:

Information Sources: Commission for Higher Education; Legislative Services Agency. 2023 Workforce Program Review.

https://s3.us-east-2.amazonaws.com/iga-publications/workforce_review/2023-10-02T13-28-29.680Z-2023%20Workforce%20Evaluation%20FINAL.pdf

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